

The Dimming Light



of access to government information

2004 Year in Review

A Tale of Two Taxpayer Protection Acts:

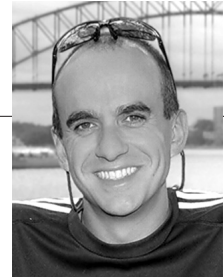
What happened to taxpayer-friendly laws in Ontario and Manitoba?

Kyoto:

Canada's next gun registry in the making

From the editor

Troy Lanigan is the CTF's
National Communications Director
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Follow Quebec's Lead...

Taxpayers and patients seeking more than idle chatter on health care reform should look to Quebec. Often considered Canada's socialist darling, the province is home to more than 50 private health facilities.

Patients in Quebec can – gasp – pay for diagnostic tests, cataract surgeries and orthopaedic procedures without having to hop a flight to Chicago, or New Delhi.

Some in Quebec would go much further. ADQ leader Mario Dumont recently spoke to the Fraser Institute in Calgary where he made a no-holds-barred argument for an outright parallel private health care system in Canada.

“Presently,” states Dumont, “governments forbid us from spending our money to improve our health. It is an incredibly severe constraint, an intolerable limitation against our right to protect the integrity of our person. This unacceptable constraint arises from the monopoly the government has taken

over Medicare and hospitalization insurance.”

Interestingly, Quebecers are receptive to the idea of private health care. A Ledger Marketing poll released late last year revealed 70% of Quebecers support paying for care if it means getting faster service.

Dr. Robert Ouellet, who is part of a group of doctors that own three private facilities, says that private provision debates do not constantly get sidetracked by comparisons with the United States. Quebec-

ers tend to look to European examples like Sweden, France and Germany where socialized health systems exist alongside private systems. Unlike the rest of Canada, notes Dr. Ouellet, socialized medicine does not appear to be a defining characteristic of Quebecers identity.

Quebec Medical Association president Andre Senikas aptly sums: “If other provinces tried to set up what we have, they’d have a revolt on their hands.”

True enough. But frankly, it’s time for a revolt. Quebec is far from a model of health care reform however, its allowance of private facilities is a big step in the direction of more services, greater choice and shorter wait times.

No doubt Ottawa would try and penalize other provinces for doing the same. But better for premiers in the rest of Canada to fight a double standard than to constantly expend all their energy whining for more money to prop up an ailing status quo.

###

We regret to announce the departure of National Research Director Bruce Winchester. It will be rewarding for Bruce—who largely authored much of our work on gas tax reform for the past 6 years—that the very month he leaves us, the federal government announces a program which mirrors (in principle) our Municipal Roadway Trust. All of us here appreciated Bruce’s attention to detail, dedication to accuracy, painstaking patience and good nature! We wish Bruce every success in the future.

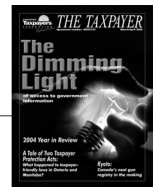
“socialized medicine does not appear to be a defining characteristic of Quebecers identity.”



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April
2005

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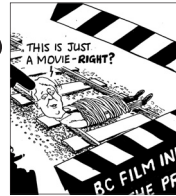
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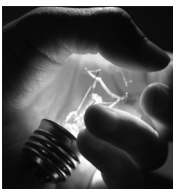
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Letters-to-the-editor



Congratulations on the Jan/Feb 2005 issue. It is the best substance issue in re-

cent years. I hope all Conservative MPs and influential party officials received and read it. The issue to me has many surefire, common sense, vote getting proposals:

- Tax reduction: especially increasing the Basic Personal Exemption;
- Gas tax revenues: dedicate them to roads and infrastructure; and
- Day care: adopt a tax credit.

Sensible alternatives to the Liberals inefficient, spending-solves-all-problems approach would be a winner.

Ed Ringrose
Kelowna, BC

With regard to your Municipal Roadway Trust you often refer to what re-funded amount cities might

receive, but you fail to mention smaller centers and rural municipalities. We in rural areas buy a lot of gas too. I like your paper, keep up the good work.

Clarence Williams
Borden, SK

Clarence: our proposal is based on grants as a percentage of GDP (size of the economy). The federal government's model recently released is based on a per-capita allowance. In both instances, rural areas are safeguarded.

I have a friend in the States that became very stressed over how she was going to be able to afford preschool for her children because her family's income was over the limit for Head Start assistance. She was convinced that only professionals could prepare her children for kindergarten.

I suggested she go to Wal-Mart and pick up preschool workbooks (no more than \$10), crayons and pencils and go play with her daughter. She was already a stay-at-home mom.

My experience has been that parents who invest time and energy into the preschool years, have children that can compete both socially and academically with children raised in daycares.

Sharon Peters
Morden, MB

If the government were to cut our obscene level of taxation, many more parents could afford to stay at home

and be able to look after their own children.

If you want to see government run daycare systems gone haywire, just pay a visit to England and see what a nanny state the Labour government has created.

I taught in two privately run daycare centers and worked as a kindergarten teacher for two years before my retirement. I have seen childhood development from both school and home. My conclusion: make it easier for a parent to stay home and ease the strain on the budget. Send the "experts" to see the British system and weep.

Teresa Orton
Calgary, AB

Speaking of absurd wastes of funds, how about the money the CTF wastes on its investigation of grants for research in social sciences and humanities?

How much can you tell about a project just by its title? And, in any case, what is "absurd" about investigating subcultures, foreign cultures and historical events remote from our own times? Every year, these are the topics that the CTF singles out, but it's the CTF that ends up looking ridiculous.

Doug Bailie
Edmonton, AB

Letters-to-the-editor

Letters may be edited for length, content and clarity.

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Thank-you Taxpayers

I am writing to thank your organization for represent-

Letters-to-the-editor

ing millions of hard working taxpaying citizens. You make it possible for people such as myself, unable to work, to receive disability benefits, health care, subsidized housing and other assistance!

Noisy special interest groups demand your money without a care in the world and then become angry at "right wing meanies" who have the nerve to ask for accountability.

We on long-term disability recently noticed a \$70 per month increase (which is quite a lot). The socialists, who I once voted for, did nothing to help the disabled in British Columbia (except fund special interest groups that do not even work with us). I believe the NDP gave us a whopping \$15 increase, twice.

Wow!

But this letter is not written to be political, but to be full of praise for those of you who are working and paying your dues (and then some) to society. You don't break the law, demand legalized drugs to abuse, or take any more than you give. So keep working for fiscal accountability so we may both not end our days living under the bridge. I

actually thank God when it is cheque day for the taxpayers who have provided the money to pay my bills and buy my food. Thank-you!

Kimberly Renee Oliver
Vancouver, BC

Who Pays the freight?

I am incensed at the wages of people on public payrolls. There ought to be a law that no one on public payroll should receive any increase beyond cost of living adjustments, until the combined federal and provincial debt is retired.

Government employees do not get paid on what they accomplish. They get paid based on the size and influence of their empire.

That they end up earning

more than the people paying taxes is ludicrous.

Roger Mawdsley
Abbotsford, BC

Dousing the Fire

Out of 100 people, how many have the energy, talent and courage to start and run a business? Is business – and the wealth and jobs they create – a vital resource to Canada? Then why is the Canada Revenue Agency so ready to recklessly tear down businesses because of simple errors in preparing taxes?

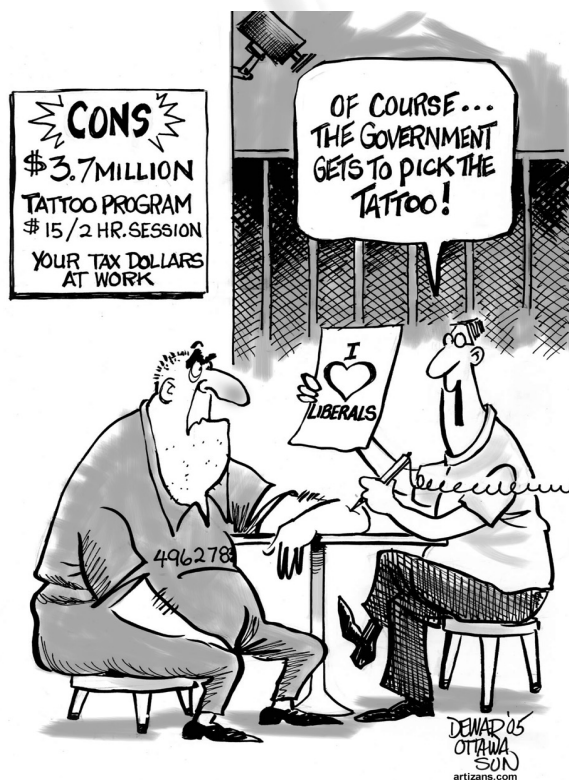
This is a destructive waste. People are emotional creatures. Businesses are built on people having ambition and fire in the belly. The government – specifically CRA – is very good at extinguishing that fire. Business has become a casualty.

Robert Brunetta
Maple Ridge, BC

Keep up the Good Work!

Thank God we have the CTF prepared to say it as it is. As a supporter of the CTF we are satisfied with the excellent job you are doing! Please, never let up when there is an opportunity to be able to correct a wrong in our system.

Marlow household.
Edmonton, AB



Waste Watch

Medicinal tattoos

Correctional Services Canada (CSC) will spend \$3.7 million over six years setting up tattoo parlours in six federal pens. In what is described as a trial program, inmates can purchase a two hour tattoo session for just \$5.

CSC is trying to slip the program into the prison system under the guise of a health care initiative. CSC claims that by sharing needles used in tattooing, inmates could pick up diseases. However, those in the know, point out that HIV and hepatitis are spread by inmate sex and drug use, not tattoos. The feds plan to use prisoners to do the tattooing and will pay them \$6 an hour. No indication if a pension plan comes with the job.

There was strong reaction to the announcement. The union representing prison guards stated that the program will essentially issue taxpayer-subsidized weapons to inmates. Over the last 8 years, 167 guards have been stabbed with needles. Needles are also routinely used as weapons in attacks against other inmates.

In addition, the union pointed out that many gangs use tattoos as identification badges and could actually hinder an inmate's integration back into society once released.

Tattoos can also symbolize a number of other unsavoury activities. Double lightning strikes, for example, can indicate that an inmate initiated a violent attack against a minority prisoner. Other tattoos, such as "101%" and the swastika, symbolize white pride.

In January 2002, Correctional Services Canada paid \$6,500 so Darren Lee Letourneau could have a large tattoo of a Nazi flag removed from his stomach. Letourneau requested the expenditure as part of his effort to "rehabilitate himself."

Only in Canada, would taxpayers pay to put them on and then pay again to take them off.

It's party time in Paris...

If the trial program is implemented in all federal pens, as is expected, it will cost taxpayers upwards to \$3 million a year.

With files from CBC, *National Post*, *The Taxpayer*, *Toronto Sun*, www.convictsandcops.com / The Union of Canadian Correctional Officers

Gag law hits Rideau Hall...

Jeremy Patfield, along with fellow students from his grade eight class at John Dryden Public School in Whitby, Ontario were touring Rideau Hall, the official residence of Canada's Governor General—the free spending Adrienne Clarkson.

In the middle of their walk-about, the tour was unexpectedly brought to an end and the whole class unceremoniously booted out of Clarkson's home.

What brought on this sudden exit? Well, during the tour, Jeremy—pointing to Adrienne Clarkson who was standing nearby—said "Is that the lady who spends the money on the Queen when she comes?"

Though Clarkson never heard the comments, the tour guide did and immediately punished the whole group by expelling them from the grounds.

Unfortunately, Jeremy's problems didn't stop there. His teachers told him they would not allow him to mix with the students back at the hotel and forced him to sit in a teacher's room and read newspapers. He was also threatened with a three day suspension from school.

Jeremy—who said he had heard about Clarkson's reputation on

TV—has since expressed remorse for his actions. But he did wonder why he was punished for expressing his opinion? Jeremy added that this wasn't even his worst comment. At one point during the tour, he saw the



Waste Watch

extravagant furniture and said, "Oh, so, wow, this is our tax dollars at work." It's fortunate the tour guide never heard that comment, as Jeremy might have had to finish off his school term in prison.

To her credit, when Adrienne Clarkson heard what had happened to Jeremy, she called and apologized.

with files from the *Globe and Mail* / *National Post*

Bumbling Bobbies

On her way to work, Sara McCaffery—a nursery nurse from Northumbria, England—grabbed a small apple to eat on the way.

In England, it is illegal to drive while holding something in your hand. While on her trip, a police constable (PC) noticed that Ms. McCaffery had something in her hand and pulled her over. Seeing a half eaten apple, the PC issued a ticket.

Ms. McCaffery, who had not been speeding or driving erratically, decided to fight the charge because the apple was small enough that she could still grip the wheel of her car.

When the police found out about her plans to plead not guilty, they paid for an airplane to fly over Ms. McCaffery's route in order to take photos of various locations. They then sent a helicopter out to film McCaffery's journey and finally ordered a PC to drive the route and video McCaffery's trip from a ground perspective.

With a helicopter running at about 500 pounds an hour (\$1,100 CDN), it is estimated the police spent \$22,000 CDN to prosecute the case. In the end, Ms McCaffery was found guilty and ordered to pay a fine of \$350 CDN.

With files from *The Times* (London, England).

Parlez vous English?

The federal government provided a \$65,465 grant to a French association in Saskatchewan so that it could attract more French speaking immigrants to that province. The Assemblée Communautaire Fransaskoise (ACF) will use the money provided by Citizenship and Immigration Canada to set up a website, produce printed materials and hold information sessions overseas promoting the province.

The ACF recently held sessions in the French speaking African nations of Tunisia and Cam-

eroon, where apparently, some interest was shown in immigrating to Saskatchewan. However, with only 2% of Saskatchewan's population considered francophone, any French-speaking immigrants will have to know English to survive.

With files from the *Regina LeaderPost*

A Lucrative Business

The CTF recently obtained information through Access to Information and Privacy (ATIP) on public opinion polling at the Department of Finance between 1998 and July 2004.

Last year, Canada's Auditor General (AG) audited the \$50 million Ottawa spent on polling contracts over the previous two year period. The AG discovered that a portion of the polls were used to monitor voting behaviour and the Liberal party's image. In addition, approximately 14 per cent of public opinion surveys were not made public. Both these practices violate government guidelines.

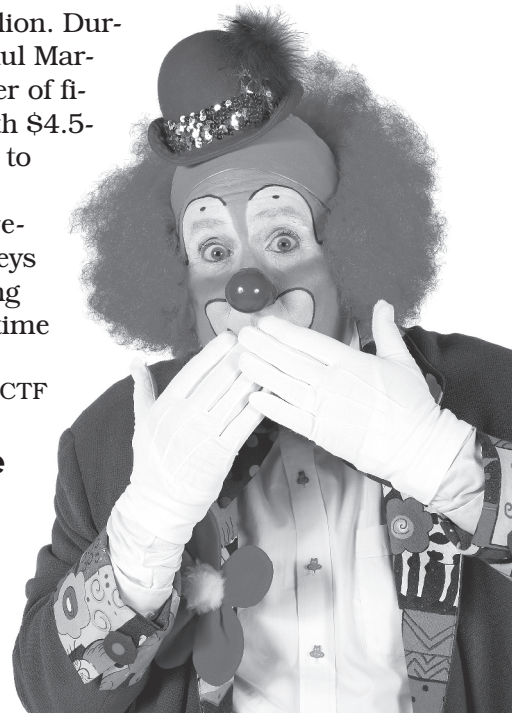
The CTF, using ATIP, discovered that over six years, the Department of Finance approved \$6.5-million in opinion polling, and paid out more than \$4.9-million for these services. A total of ten firms were hired, with Ekos Research receiving the lion's share of contracts worth \$3.4-million. During Prime Minister Paul Martin's tenure as minister of finance, contracts worth \$4.5-million were paid out to polling firms. At least \$550,000 worth of pre- and post-budget surveys were conducted during the prime minister's time as finance minister.

With files from the CTF

The seamier side of waste

The Canadian Television Fund—with an annual budget of

Clowning around with your tax dollars



Waste Watch

\$230 million—provides financial assistance to Canadian television production. According to its website, the fund is to “reflect Canada to Canadians.”

The fund receives the bulk of its money from the federal government—\$77 million from Canadian Heritage and \$45 million from Telefilm Canada. The rest comes via forced contributions from cable and satellite consumers.

So what type of TV programs and documentaries does the fund subsidize?

One of the latest ventures to receive assistance is a documentary entitled “Penis Dementia: The Search for the Perfect Penis.” The film is being produced by Markham Street Films and is scheduled for release this spring. The producers placed ads in papers asking for male volunteers stating: “no pay, but lots of exposure.” This documentary received \$133,750 in grants from the Canadian Television Fund. Obviously, the fund has a unique perspective on what it means to “reflect Canada to Canadians,”

Over the years, the fund has provided subsidies to a number of similar TV programs:

- a \$2.3 million grant to “G-Spot,” a TV series which follows the sexual antics of a “one time acting prodigy;”
- a \$1.4 million subsidy went to “Naked Josh,” a TV series about a “sexual anthropologist;”
- a \$2.1 million handout helped produce “Show Me Yours” a TV series about a male biologist and female psychologist who are co-authoring a book on sexual behaviour;
- Mystique Films of Vancouver re-

ceived \$70,000 to produce a one hour documentary entitled “Naked,” showcasing the World Naked Bike Ride, where participants ride bicycles fully or partially naked;

- Other TV series to receive funding included: “Jardin d’Eve” a 13 part documentary exploring the sexual fantasies of women and “Kink,” a TV documentary series which follows “the daily and nightly lives of characters such as Onyx, who enjoys pain, David, a member of the Vancouver Association of Sado Masochism, and Sandra, a dominatrix.”

With files from the *National Post* / Canadian Television Fund

Paid vacations?

A couple of new positions recently opened up in the Department of Foreign Affairs and International Trade. The jobs involve interior design and pay between \$59,345 and \$67,784 a year, plus a lucrative pension and benefits package. The successful applicants will join an eight-man interior design team that redesigns the offices and homes of our diplomatic core. This includes trade offices, high commissions, consulates, official residences, and chancelleries.

The individuals must be free to travel abroad several times a year and spend between two to five weeks on each trip—all at taxpayers’ expense of course. Some of their job responsibilities include coordinating “colors, finishes and materials.” That’s why we pay them the big bucks—everything has to match.

Diplomatic offices are routinely remodelled once every 10 years and diplomatic residences once every eight.

With files from the *National Post*, / Public Service Commission of Canada

Painting Paris RED

Claude Laverdure was originally sent to Paris to serve as Canada’s Ambassador, but he seems to have turned into the quintessential party animal.

Laverdure served as

The Taj Mahal of affordable health care.

Waste Watch

former Prime Minister Chretien's senior foreign policy advisor, and just prior to Chretien's departure in 2003, was sent to France.

In his first full year as ambassador, Laverdure spent over \$200,000 on entertainment and hospitality. Based on a generous 200 working-day schedule, that's the equivalent of spending \$1,000 on food and wine and other Parisian delights each day.

Laverdure's expense claim for 2004 made Canada's other foreign ambassadors look like amateurs when it came to living it up. In fact, Laverdure's hospitality tab was more than doubled his closest rival—Michael Kergin, Canada's ambassador to Washington—who only spent \$83,466.92. Holding third place, at a respectable \$61,259, was Canada's ambassador to London, Mel Cappe,

To achieve his coveted gold place finish, Laverdure held some fine bashes at the Canadian embassy. The biggest event of the year involved the Canada Day celebration. The three hour extravaganza—which saw 850 people attend the open house event—cost taxpayers \$27,000.

The second largest affair on Laverdure's social calendar was a November 23 party to celebrate Canada's public policies. Yes, it must be tough to fit in your ambassadorial duties between the parties. The solution is to turn your bashes into official duties. This event was attended by 200 people and cost taxpayers \$13,997.

Other soirees included a June 6 gathering, described as a "cocktail advocacy of Canada's public policy." Over 300 people attended this bash which cost taxpayers \$7,999.20. The very next day, Laverdure held another get together at a cost of \$6,423.69. It was a bit of a hangover event from the previous day as it was yet another reception "to advocate Canada's public policy."

With files from the *National Post*

Does anybody care?

The Canadian \$20 bill is considered the workhorse of the Canadian economy, making up over half the notes in circulation. This past year, the Bank of Canada introduced another 'new and improved' version of the \$20 bill, intended

yet again, to thwart counterfeiters.

This new bill is packed full of funky security features such as watermarks and a metallic holographic stripe. When the bank announced in August of last year that the new bill would be released at the end of September 2004, nobody seemed to care. A September poll by the bank showed that only 45% of people knew the new bill would be released in September and that only 12% could describe any of the bill's security features.

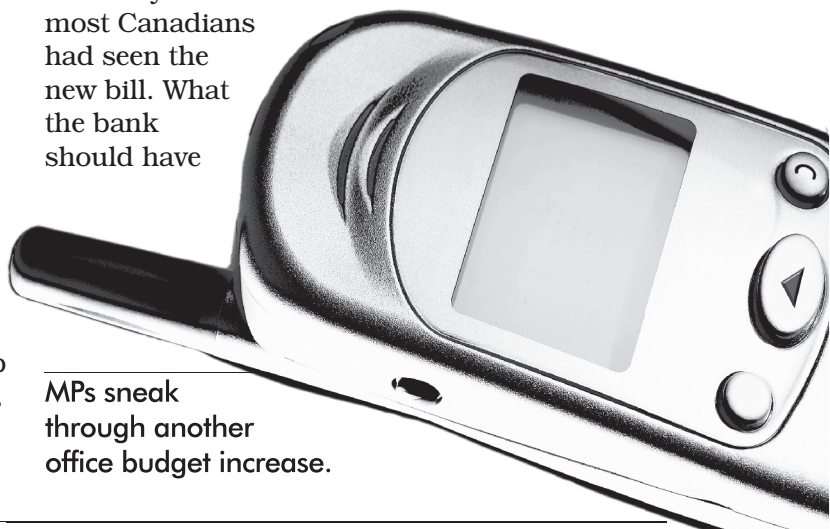
This news sent the Bank of Canada into panic mode. It decided to spend \$1.1 million telling Canadians a new \$20 bill would be kicking out of ATM machines in a matter of days. This included spending \$650,000 on paid advertising and the remainder on stickers for cash machines.

When asked why they spent taxpayers' money on an advertising blitz, a Bank of Canada spokesman explained, "there's no point in putting [new bills] out ... if you don't give the users the instruction manual."

Maybe it would have been cheaper to simply stick any necessary instructions in fine print on the note itself? "Put \$20 bill firmly in right hand, give to sales clerk, wait for change."

A week after the new \$20 bill was released, the Bank of Canada conducted another poll and found to its amazement that 72% of Canadians were suddenly aware that there was a new \$20 note floating around and 56% could describe one of its new security features.

Of course, all this poll really told the bank is that by this time most Canadians had seen the new bill. What the bank should have



MPs sneak through another office budget increase.

Waste Watch

asked is, did you see us waste \$1.1 million on advertising?

There was no indication of how many tax dollars the Bank of Canada wasted on pointless polling.

With files from the *Globe and Mail*

Health care priorities

A report, released earlier this year, reveals that Ottawa spends, per capita, \$6,500 a year providing health care for prisoners—in total, nearly \$81.5 million.

In contrast, provincial governments spend substantially less. In Ontario, for example, the government spends \$2,495 a year on health care per individual. In Saskatchewan it's \$2,667, Alberta spends \$2,657, Manitoba \$2,745 and British Columbia is \$2,640. Well, you get the picture.

With files from www.taxpayer.com / *Vancouver Province*

Taj Mahals for health care?

Despite a \$200-million bailout and a new health tax, Ontario hospitals will still operate \$440 million in the red. The Ontario Hospital Association stated that 8,700 workers—including 2,000 nurses—may have to be laid off to balance the books.

Part of the problem can be attributed to out-of-control spending in the area of new hospital construction. The regional hospital recently constructed in Sudbury, cost taxpayers \$316 million, double its original estimate. The same thing happened during the construction of the new Thunder Bay Regional Health Sciences Centre which opened on February 22, 2004. At \$284 million, its costs were also double the original estimate.

Because of the huge cost overrun for the Thunder Bay project, the Ontario government ordered an investigation to find out what happened. In their report released last fall, PRISM Consult-

ants cited a number of issues. At the top of the list was 2,800 design changes which were approved with little or no accounting. This included spending an additional \$300,000 to upgrade the Terrazzo flooring, so it would include a “fish and rock” theme.

The report also said that tenders for construction were sent out before the actual design was completed and that the project was a year behind schedule. PRISM suggested that with proper oversight, the hospital could have been constructed for as little as a \$180 million—a savings of over \$100 million.

With files from the *National Post*

MPs pull a fast one

Hoping no one was watching, federal MPs dipped into the taxpayer piggy bank to increase their office budgets by \$2.5 million. MPs had just increased their yearly office budget—which works out to \$293,000 a piece—by 10% just two months earlier. Reflecting either brazen audacity or cunning ingenuity, MPs' struck again, thinking no one would expect a second increase so quickly on the heels of the first.

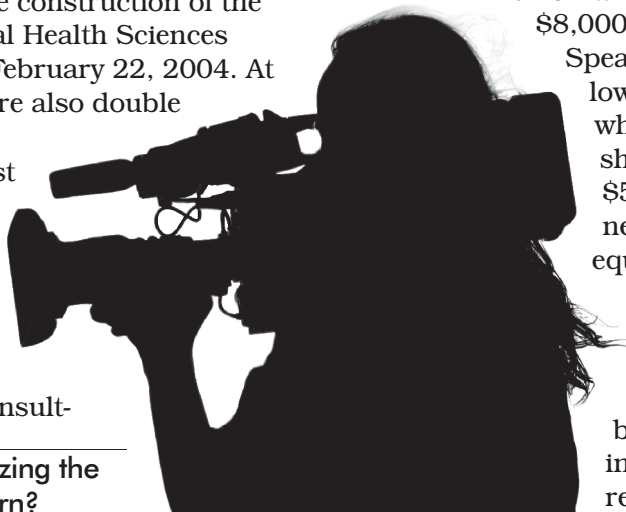
The federal politicians used the all-party Board of Internal Economy to sneak the raise through. There was no public debate and all the parties were onside with the increase.

Instead of increasing their own budgets, the politicians slyly hiked the budget for the Speaker's Office. They then inserted a provision allowing MPs to funnel their telecommunications

bills—which work out to about \$8,000 a piece—through the Speaker's Office. They followed the same pattern, when MPs decided they should get an additional \$5,000 a year to purchase new constituency office equipment.

In addition, MPs decided that taxpayers should pick up the tab for phone lines, cable TV, parking and heating costs for their Ottawa residences. This is over

Why are taxpayers subsidizing the production of soft-core porn?



Waste Watch

and above the \$20,000 accommodation budget MPs already receive. The logic behind this decision was that these services are provided to MPs who choose to rent hotel rooms in Ottawa while the House sits. Therefore, remaining MPs who rent apartments should receive similar benefits.

With files from the *Montreal Gazette*

How come nobody is laughing?

It was so bad that even the federal NDP criticized the grant calling it “absurd.”

Over the past two years, the federal department of Canadian Heritage gave \$1 million to the National Circus School—a Montreal-based circus training school.

The school offers a variety of programs, including a three year Diploma of Collegial Studies in Circus Arts.

Through this program and others, the school provides a well-rounded circus education covering such vital circus curriculum as: philosophy and rationality; history: general, Quebec and Canada; home economics; geography: general, Quebec and Canada; circus history I and II; French as a second language I and II; and of course that all-time circus favourite, philosophy and ethics.

They even throw in some actual circus courses covering such areas as: clowning arts; music and rhythm; juggling; foot juggling; the Russian bar; unicycle; Roman rings; the ball; the tight wire; the slack wire; Rola Bola; and aerial aerobatics.

According to the school’s website, the courses are intended “to produce professional circus artists.” This runs the full gamut from circus clowns to trapeze artists. But in reality, the school is a major feeder for the highly successful and profitable Cirque de Soleil.

CTF Research Direc-



tor Bruce Winchester when asked to comment on the handout by the *Edmonton Sun* said, “I think a lot of taxpayers would wonder why their dollars are going to a circus training school. People think there’s enough of a circus going on in the House of Commons—why would we need to train more people for that profession?”

With files from the CTF / *Edmonton Sun*/ National Circus School

Martha’s jail?

If one didn’t know better, you would think Martha Stewart served her time in Canada. Now we learn taxpayers are subsidizing beauty treatments for women at the Nova Institution—Nova Scotia’s only women’s prison. This federal pen is home to some of Canada’s most notorious women inmates including Lee Anne Young who helped murder a Sackville school girl, Kristy Salter, nearly ten years ago.

Located near Truro, the pen offers a number of beauty services to its 42 women inmates including, perms, colouring, tinting, highlights, waxing, bleaching, haircuts, shampooing and blow drying—at heavily subsidized rates .

Each prisoner is provided a free haircut, including a shampoo and blow dry twice a year. The prison is charged \$22 for each hair cut. Total tab: \$3,000 in the last eight months.

Though inmates pay for additional services, it’s only a nominal fee. For example, the institution charges inmates \$13 for hair colouring or tinting, while the prison’s actual cost is \$30.

The prison defends this subsidy arguing that hair treatments “rejuvenate” the inmates.

The Nova Institution was constructed in 1994 “to accommodate Correctional Service of Canada’s Green Plan initiative.” Yes, it was constructed to help Corrections Canada meet its carbon dioxide reduction targets. Foolish us, here we thought the feds constructed a hair salon.

With files from Natural Resources Canada / the *National Post* / *The Daily News*

Careful what you say at Rideau Hall...

Waste Watch

Lost logo, lost money

The ongoing Gomery inquiry into the Liberal's sponsorship scandal discovered the Liberals spent \$620,000 to have a logo designed for the Canada Information Office (CIO). Created in 1996, CIO functions as the lead propaganda office to convince Quebecers they should stay in Canada. The name of the agency was changed to Communications Canada in 2001.

The work on the logo was divided between many of the ad agencies deep in the Liberal patronage trough. This included Groupe Everest that received \$200,000 for its work and BCP which received \$150,000. Three other ad agencies, Compass, Vickers and Benson, and Palmer Jarvis received \$50,000 for their contributions in developing the new logo.

In addition, Ottawa spent another \$120,000 on a series of focus groups handled by Environics and Createc to find out if anyone liked the logo.

But don't ask anyone what the new logo looks like. Four years later, no one can track it down. Other inquiry revelations include:

- In 1998-99, the sponsorship program paid \$400,000 to the Montreal Canadiens, so Ottawa could hang banners in their arena. \$105,362 of this went to the rental of a luxury suite for the hockey season. There was no indication of who used the suite;
- With the Liberals desperately needing to call an election and the sponsorship scandal in full bloom, Prime Minister Paul Martin had taxpayers pay \$127,223 to GPC Canada to conduct a poll on how the government could best defuse criticism surrounding the scandal; and



- Jean Pelletier, Jean Chretien's Chief of Staff, told the inquiry that nearly \$60,000 was spent to buy 480 ties with maple leaves imprinted on them. These high quality ties cost taxpayers \$125 a piece and included over \$8,200 in commission fees. The ties were handed out to visiting foreign dignitaries. Mr. Chretien provided no explanation on how this 'saved Canada from separation.'

With files from the *National Post* / *Globe and Mail*

Credibility lost, incompetence found

According to an audit of spending practices at the Canada Revenue Agency (CRA)—which as Canada's tax collection agency requires businesses to follow strict accounting practices—senior bureaucrats in the department routinely broke rules when making purchases. The reason these bureaucrats broke regulations was because they are too cumbersome.

The CRA spends approximately \$400 million each year purchasing goods and services. In a sample audit conducted on CRA purchases, auditors discovered serious problems in 180 of 321 randomly selected cases. These included:

- Missing key documents—including final contracts;
- Individuals approving or signing off on contracts who had no authority to do so. In other instances, signatures were missing altogether;
- In 22 instances contracts were only signed after the goods or services were delivered;
- In 10 cases, managers manipulated tenders to ensure that certain groups received the contract; and
- Files for 18 contracts—valued at over \$175,000—were completely missing.

The problem was so wide spread that the auditors stated it, "may result in a loss of credibility and public trust for the agency as a whole."

With files from www.canoe.ca/

**Ottawa's latest health initiative—
tattoos**

A tale of two Taxpayer protection acts

by Adrienne
Batra & Tasha
Kheiriddin

Remember what our parents said on allowance day? “You’ll have to live on what we give you.” Too bad our nanny state politicians of the modern era can’t abide by the same simple wisdom. Expectations of controlled spending, debt repayment and affordable taxes are continuously denied with the same tired and politi-

cally driven excuses.

During the tax-and-spend years of the 1980s and early 1990s, governments across the country overspent and debts ballooned to obscene levels. But thanks to taxpayers and a handful of responsible politicians, times changed. Governments across the land began to balance their books and some provinces went one step further by implementing taxpayer protection laws.

Two of those trail-blazing

provinces were Manitoba and Ontario. Each passed commendable laws that set-out to – and for a period successfully did – protect taxpayers. But with the passage of time, politicians, different from the ones who implemented these laws, eroded their spirit and intent.

Manitoba

Enacted in 1995, Manitoba’s *Taxpayer Protection Act* (TPA) was, at the time, the

“When your CTF took the premier and finance minister to Ontario Superior Court over the new tax, the judge ruled that the government is free to exempt any tax from application of the TPA. The statute does not prescribe the method of its amendment and is not constitutionally entrenched, unlike many similar laws in the United States.

As a result of the court ruling, the TPA is meaningless unless changes are made to give it more teeth.”

• TAXPAYER • PROTECTION •

most effective and comprehensive law protecting taxpayers in the country. It metes out stiff penalties to politicians who incur deficits, by docking the pay of provincial cabinet ministers 20 percent if a deficit is incurred in one year, and 40 percent if a deficit is carried over two or more years.

But there's a catch: the act only covers the government's operating fund. According to Manitoba's provincial auditor this has allowed the province to incur three consecutive deficits, yet comply with the TPA. Although the Department of Finance posted a \$13-million surplus last year, in reality, the province incurred a \$604-million deficit!

Here is what happens: the government prepares two sets of financial statements, but only publicizes the one with a positive balance, a practice the auditor general has condemned as "misleading by omission." The auditor's latest report clearly shows the need for the province to move to Generally Accepted Accounting Principles (GAAP) which would require inclusion of everything from the operating budget to crown corporation expenses. This would provide taxpayers with transparency.

There are those that correctly point out that circumstances may not allow a government to balance the

“But there's a catch: the act only covers the government's operating fund. According to Manitoba's provincial auditor this has allowed the province to incur three consecutive deficits, yet comply with the TPA. Although the Department of Finance posted a \$13-million surplus last year, in reality, the province incurred a \$604-million deficit!”

books. They suggest that balanced budget laws restrict a government's ability to govern. But Manitoba's act takes these concerns into consideration as there are three provisions that allow for deficits: natural disasters; war or the apprehension of war; and a reduction in revenue by five percent or more in the fiscal year that does not stem

from a change in Manitoba's taxation laws.

Ontario

In Ontario, the situation is even worse. In its 2004 budget, the government repealed the prov-

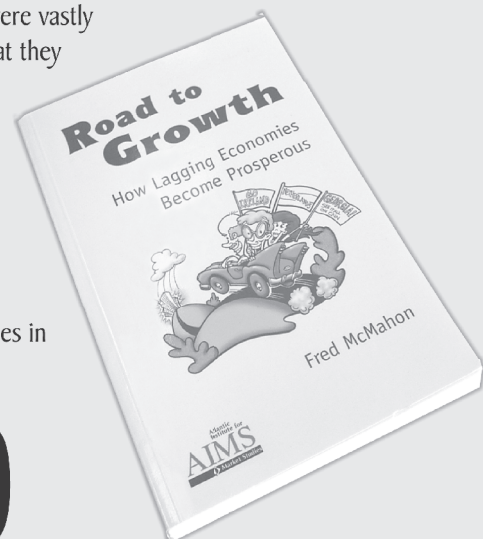
ince's *Balanced Budget Act* which penalized cabinet ministers for running deficits. It replaced the legislation with the so-called *Fiscal Accountability and Transparency Act*, which allows the finance minister to present excuses instead of a balanced budget. And, after signing a CTF election pledge not to incur a deficit or raise taxes in the

Road to Growth

Written by Fred McMahon of the Atlantic Institute for Market Studies, this intriguing book analyses the dramatic economic turn arounds experienced by the countries of Ireland and Holland.

Though these two economies were vastly different, McMahon discovers that they did many of the same things to turn their depressed economies around. This means that many of the principles can be transferred to other economies.

He also examines what forces worked to destroy these economies in the first place.



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absence of a referendum, the government also introduced a new health tax without a referendum, in direct violation of the *Taxpayer Protection Act* (TPA). That law, enacted in 1999 thanks to years of advocacy by your CTF, mandates a referendum before a tax is increased or a new tax introduced.

When your CTF took the premier and finance minister to Ontario Superior Court over the new tax, the judge ruled that the government is free to exempt any tax from application of the TPA. The statute does not prescribe the method of its amendment and is not constitutionally entrenched, unlike many similar laws in the United States. As a result of the court ruling, the TPA is meaningless unless changes are made to give it more teeth.

Giving TPA's some teeth

Taxpayer protection laws are important. They require a referendum before taxes can be raised, make balanced budgets the law and financially penalize politicians for

non-compliance. But not unlike the child unsatisfied with his allowance who then robs his mother's wallet, sneaky and weaselly politicians will always find ways to skirt the spirit and intent of good laws.

One change is to constitutionalize these laws as they do in many US states. A simple vote in the legislature should

ble that taxpayers—who hand half their earnings over to politicians—can participate in democracy once every four or five years and then are relegated to spectator status for the rest of the time. In Ontario, the CTF has spoken in favour of a private member's bill brought by Opposition MPP Jim Flaherty which

“One change is to constitutionalize these laws as they do in many US states. A simple vote in the legislature should not be enough to change important laws. Amending these laws should require a referendum...”

Politician's promises not set in stone, court says

BY KIRK MAKIN, TORONTO

It's official: Politicians can break campaign promises with impunity.

Ontario Superior Court judge [unclear] involved Ontario Premier Dalton [unclear] of breaking an elaborate contract promising to create new taxes, saying he believes a campaigner naive about the

cialian based on a particular later were to go to court breached contract, "our government would be dysfunctional. This would not paralyze, the parliament," Mr. Justice [unclear] The judge [unclear] from the [unclear] eration

not be enough to

change important laws. Amending these laws should require a referendum or, at minimum, a super-majority vote of two-thirds or more in a legislature. Moreover, balanced budgets must include government as a whole, not just one account that government can conveniently take things out of to placate phony public compliance of a popular law.

Another important change is recall legislation that allows voters and taxpayers to fire their politicians between elections. It's not accepta-

would allow citizens to recall politicians when they break their promises, the law, or both.

Taxpayers need stronger protection against tax-and-spend governments. Last year, government spending in both Ontario and Manitoba increased by over five percent, and continues unabated. Taxpayer protection laws are taxpayers' first line of defence against government waste and runaway spending. They are worth strengthening. They are worth fighting for.■

The Dimming Light

of access to government information

In the fallout from the federal Quebec sponsorship and government advertising scandal, Canadian taxpayers have become alarmingly aware of gaping holes in our right to access public information from government.

Those "inside Ottawa" already know the many shortcomings of the federal *Access to Information and Protection of Privacy Act* (ATIP). Two years ago, a backbench parliamentary committee—with no standing or real power—studied the act and concluded that an increasingly large swath of government activity is taking place outside its purview.

Worse. Even parliamentarians themselves are falling outside the act. In April 2002 Canada's auditor general (AG) released a scathing report on 15 federally funded foundations. The AG noted that



by **Bruce Winchester**
National Research Director

of the of \$9 billion transferred to these foundations, at least \$7 billion of it is sitting in accounts that no one in the government of Canada can access.

Oversight of tax dollars aside, any resemblance of open and transparent government as commendably envisioned by the ATIP Act is simply disappearing.

ATIP – yesterday and today

Canada's federal government is ripe for an ATIP overhaul. The act is twenty years old. When ATIP was introduced in 1985, the notion of giving citizens access to information was relatively new. Many in the bureaucracy, and a few politicians, were concerned that the new act would make matters very difficult for gov-

ernment secrecy -- which was precisely the idea!

The purpose of this Act is to extend the present laws of Canada to provide a right of access to information in records under the control of a government institution in accordance with the principles that government information should be available to the public, that necessary exceptions to that right of access should be limited and specific and that decisions on the disclosure of government information should be reviewed independently of government. -- Access to Information Act – 1985

Over the past twenty years a great deal of information has been disclosed, but far more has been locked away from public scrutiny as a result of the act's allowance of "neces-

The Dimming Light of access to govern

sary exemptions”.

The ATIP Process

With a written request and a \$5 cheque, any Canadian can get access to information about government grants and contributions in their home town; an accounting of government travel and hospitality expenses; and even find out more about how a policy decision was reached.

The act was designed to be a tool for citizens to have relatively unfettered access to information held and collected by government. And while that, to some extent, has to be balanced to protect privacy and some degree of government confidentiality, the pendulum has swung so far in the direction of broad exemptions the act has become all but impotent.

The Right to Privacy

Perhaps the broadest exemptions arise out of the privacy provisions of the act. For good reason, our personal information is not disclosed. So, if you are worried the government's "big file" on you can be released, relax. They are required to ask your permission before they release any of it, and in most cases, they will refuse to release personal information at all. That means your tax files, information you provide to Statistics Canada, and so on cannot not be released. That's not very objectionable – but it does mean that neither Statistics Canada or the Canada Revenue Agency releases much in the way of information through ATIP requests.

No Right to Third Party Information

Closely related to the personal privacy provisions, is something called third party information. These are defined under section 20 of the act which is specific in exempting any information that includes trade secrets, financial, commercial or scientific information provided confidentially, material that might damage the position of the third party, and information that might hamper any contractual negotiations.

If you asked for a drug company's secret chemical formula submitted for approval as a new medical treatment you will be refused. To a point, this kind of exemption makes sense – but as our federal government signs more contracts with third parties (companies, non-governmental organizations, charities and so on) increasing volumes of government information is not being released to the public.

Your CTF frequently runs into this brick wall. When asking for information about individual corporate welfare contracts between businesses and government, the CTF is re-

“Your CTF frequently runs into this brick wall. When asking for information about individual corporate welfare contracts between businesses and government, the CTF is refused information.”

fused information about contractual obligations and information related to the government's decision making process.

When taxpayers wonder why corporate

welfare is given out to company X, and if and when it might be paid back, the government simply responds: trust us. You won't see any information. Third party exemptions effectively place 15 billion tax dollars beyond the scrutiny of those who handed it over.

A Few More Exemptions

Military or state secrets are not released (a pretty big shield). Any agency or entity that is co-owned or managed by another government is also exempt. That means any international agencies, or North American Free Trade Agreement agencies are exempt from the act. Strangely, provincial and municipal joint ventures


The Dimming Light of Government

with the federal government are also exempt.

The following list details the agencies that are either not covered by the federal ATIP Act or which have broad exemptions stemming from one of the principles outlined above, or from exemptions found in another federal act or acts.

Conclusion

There are at least 209 federal entities that are either completely or partially exempted from Access to Information. Of these, an astounding 42, are simply not covered by the act at all. These range from important federal departments, to Crown corporations and recently created founda-



“Strangely, provincial and municipal joint ventures with the federal government are also exempt.”

tions. It is probably no accident that at least two out of this group were implicated in the Quebec sponsorship scandal.

These gaping holes in our

right to federal government information need to be filled. Of course the most obvious solution is to simply shut down many of these agencies. For instance, closing corporate welfare programs would eliminate many of the problems surrounding third party confidentiality. In the meantime, amending ATIP to include crown corporations, government foundations and similar entities would be a good start. Finally, opting for more voluntary disclosure from international and joint federal-provincial agencies currently subject to broad exemptions would also be a step in the right direction.■

Agencies and Crown Corporation exempt from Access to Information requests

The following section lists all the federally funded agencies and crowns that are exempted from public scrutiny and accountability because they are not required to provide information under the access to information act. The entities are categorized by reason for the exemption.

Not covered by the act

Canada Foundation for Innovation
Canada Found for Sustainable Dev. Technologies
Canada Health Info-way Inc
Canada Millennium Scholarships Foundation
Canada Post Corp
Canada School of Public Service
Canada's Model Forest Program
Canada-Wide Accord on Environmental Harmonization
Canadian Adaptation of Rural Technology Fund
Canadian Air Transportation Security Agency
Canadian Broadcasting Corp
Canadian Foundation for Atmospheric Sciences
Canadian Health Services Research Foundation
Canadian Industry Program for Energy Conservation
Canadian Race Relations Foundation
Canadian Television Fund
Canadian Wheat Board
Commissioner of Federal Judicial Affairs
Communications Security Establishment
Defence Research & Development Canada

Elections Canada
Employability Assistance for People with Disabilities
Enterprise Cape Breton
Ethics Commissioner
Export Development Canada
Financial Consumer Agency of Canada
Genome Canada
Governor General
Green Municipalities Enabling Fund
Green Municipalities Investment Fund
Health Transition Fund
Indian Claims Commission
Indian Residential Schools Resolution Canada
Information Commissioner of Canada
Infrastructure Canada
Loan Investment Fund Program
Marine Atlantic Inc
Parliament of Canada
Public Sector Pension Investment Board
Ridley Terminals Inc
St. Lawrence Seaway Management Corp
Treasury Board
Via Rail Canada Inc

Exempted by another act

Bank of Canada
Statistics Canada

Exempted because of international partners

African Dev. Bank Asia Pacific Found. of Canada
Asian Dev. Bank Blue Water Bridge Authority
Buffalo-Fort Erie Public Bridge Authority
Canadian International Grains
Institute Canadian International Trade Tribunal
Caribbean Dev. Bank
Commonwealth War Graves
Commission European Bank for Reconstruction & Dev.
Financial Transactions & Reporting Agency of Canada
Inter-American Development Bank
International Bank for Reconstruction & Dev.
International Boundary Commission
International Commission on Intervention & State Sovereignty
International Finance Corp

The Dimming Light of access to government information

International Fisheries Commissions Pension Soc.
International Joint Commission
International Lake Memphremagog Levels Board
International Lake of the Woods Control Board
International Monetary Fund
International Niagara Committee
International Porcupine Caribou Management Board
Multilateral Investment Guarantee Agency
NAFTA Secretariat – Canadian Division
North American Commission for Environmental Cooperation – Joint Public Advisory Committee
Rosevelt Campollo International Park
The Seaway International Bridge Corp
World Anti-Doping Agency

Exempted vis-à-vis role in federal provincial relations

Federal-Provincial Relations Office

Exempted because of a provincial partner

2001 London Alliance – Canada Summer Games
Host Society
2003 Bathurst-Cambellton Canada Winter Games
Host Society
Aéroport de Québec Inc
Agriculture & Food Council of Alberta
Agriculture Institute of Management in Saskatchewan Inc
Agri-Futures Nova Scotia
British Columbia Investment Agriculture Fund
British Columbia Treaty Commission
Calgary Airport Authority
Calgary Olympic Investment Association
Canada Games Council
Canada-Alberta Beef Industry Development Fund
Canada-Alberta Hog Industry Development Fund
Canada-Alberta Labour Market Dev. Agreement
Canada-Alberta Sugar Beet Industry Dev. Fund
Canada-Alberta Value-added Industry Dev. Program
Canada-Manitoba Agri-food Research & Development Initiative
Canada-Newfoundland Agri-Food Innovation Fund
Canada's Climate Change Voluntary Challenge & Registry
Canadian Institutes of Health Information
Canadian Intergovernmental Secretariat
Centre de Dev. du porc du Québec Inc
Centre d'entrepreneuriat et d'essaimage de l'université du Québec à Chicoutimi
Centre national multisport-Montreal
Charlottetown Airport Authority
Conseil de recherches en pêche et agroalimentaire du Québec
Conseil pour le Dev. de l'agriculture du Québec
Edmonton Regional Airport Authority
Fonds d'adaptation des entreprises agroalimentaires
Fonds de Dev. emploi Montreal
Fonds d'investissement et de Dev. de l'emploi dans les quartiers centraux de Québec
Fond du maire de Montréal pour la Jeunesse
Gander International Airport
Greater Fredericton Airports Authority

Greater London Airport Authority
Greater Moncton Airport Authority
Greater Toronto Airports Authority
Halifax International Airport Authority
Hamilton Harbour Commissioners
Lower Churchill Development Corporation
Manitoba Crop Diversification Centre
Manitoba Rural Adaptation Council
Montreal International
National Sport Centre – Atlantic Canada
National Sport Centre – Calgary
National Sport Centre – Greater Victoria
National Sport Centre – Toronto
National Sport Centre – Vancouver
National Sport Centre – Winnipeg
Nature Trust of British Columbia
New Brunswick Agricultural Council
New Brunswick Biotechnology & Technological Innovation Centre of Excellence Inc
North Portage Dev. Corp & The Forks Renewal Corp
Northwest Territories Water Board
Nova Scotia Apple Industry Development Fund
Nova Scotia Research & Dev. for Grain & Forage
Nova Scotia Technology Development 2000
Old Port of Montreal Corp Inc
Ontario Agriculture Training Institute
Ontario Safety Net Research & Dev. Fund
Oshawa Harbour Commission
Ottawa Macdonald-Cartier International Airport Authority
Parc Downsview Park Inc
Prince Edward Island Adapt Council Inc
Quartier International de Montreal
Queen's Quay West L & Corp
Regina Airport Authority
Saint John Airport Inc
Saint John Harbour Bridge Authority
Saskatchewan Council for Community Dev.
Saskatoon Airport Authority
Soc de Dev. a l'exportation de la Rive-Sud de Montreal
Soc de Dev. de l'industrie maricole de la Gaspésie et des Îles-de-la-Madeleine
Soc du parc industriel et portuaire Québec sud
St. John's International Airport Authority
Thunder Bay International Airport
Vancouver International Airport Authority
Victoria Airport Authority
Winnipeg Airports Authority
Yukon Agricultural Association
Yukon Surface Rights Board

Exempted because of shared governance

Association for the Export of Canadian Books
Beef Industry Development Fund
Canadian Blood Services
Canadian Centre on Substance Abuse
Canadian Coordinating Office for Health Technology Assessment
Canadian Energy Research Institute
Canadian Farm Business Management
Canadian Livestock Records Corp

Coaching Association of Canada
Corp Camp Spatial Canada
Forest Engineering Research Institute of Canada
Forintek Canada Corp
Last Post Fund
Le Consortium de télévision Québec Canada Inc (TV 5)
Maritime Forest Complex Corp
NAV Canada
Northern Native Fishing Corp
PARTICIPaction
POS Pilot Plant Corp
Sport Information Resource Centre
Territorial Farmers Association
Terry Fox Humanitarian Award Inc
Tree Canada Foundation
Vanier Institute of the Family
Western Grains Research Foundation
Wildlife Habitat Canada

Partially exempted by another act

Atomic Energy of Canada Limited
Business Development Bank of Canada
Canada Lands Company Limited
Canada Revenue Agency
Canadian Commercial Corp
Canadian Employment Insurance Commission
Canadian Environmental Assessment Agency
Canadian Human Rights Commission
Canadian Human Rights Tribunal
Canadian International Trade Tribunal
Canadian Nuclear Safety Commission
Canadian Radio-Television & Telecommunications Commissions
Canadian Security Intelligence Service
Canadian Space Agency
Canadian Transportation Agency
Canadian Transportation & Accident Investigation & Safety Board
Copyright Board
Defence Construction Limited (1951)
Energy Supplies Allocation Board
Hazardous Materials Information Review Commission
Human Resources Development Canada
Immigration & Refugee Board
Industry Canada
Justice Canada
National Energy Board
Office of Privatization & Regulatory Affairs
Office of the Correctional Investigator of Canada
Office of the Inspector General of the Canadian Security Intelligence Service
Patented Medicine Prices Review Board
Pension Appeals Board
Petroleum Compensation Board
Petroleum Monitoring Agency
Security Intelligence Review Committee

Aboriginal Matrimonial Property Rights

Whether it is a Canadian government sanctioned report or a United Nations' study, native Canadian women and children living on Indian reserves are the most disadvantaged of all Canadian citizens. The lack of matrimonial property rights is one reason for the disparity.

Throughout Canada, provincial family law governs the division of assets and child custody upon dissolution of marriage. Yet because Canada's constitution stipulates the federal government has exclusive jurisdiction over "Indians and lands reserve for the Indians," the federal *Indian Act* is the law that ultimately governs native Canadians living on reserves.

Canadian courts have ruled that only the *Indian Act* can apply to property on reserves—regrettably, the *Indian Act* is mute on the subject of matrimonial property rights. According to the Department of Indian Affairs, na-

tive bands operating under the *Indian Act* can adopt policies to govern the granting of allocations of land that take into account matrimonial real property considerations.

It is true the *First Nations Land Management Act* does deal explicitly with the division of matrimonial property, however, the development of land codes are a community respon-

sibility. In many cases this is little if any improvement over the status quo.

The land possession system of the *Indian Act* does not prohibit women from possessing property on reserves, however, the Department of Indian and Northern Affairs has indicated most

“The land possession system of the Indian Act does not prohibit women from possessing property on reserves, however, the Department of Indian and Northern Affairs has indicated most certificates of possession are held by native men. This is an important point since property rights on reserves determine child custody and access rights.”

Centre for Aboriginal Policy Change

certificates of possession are held by native men. This is an important point since property rights on reserves determine child custody and access rights. Native men have the upper hand when it comes to child custody and divorce settlements.



by Tanis Fiss
Centre for Aboriginal
Policy Change director

Women must ask their band council if they may stay in their family house and if they may retain custody of their children. As indicated earlier, property rights on reserves determine child custody and access rights, leading to many native women not only becoming homeless, but losing custody and access to their children.

There are several ways to alleviate these situations. Two solutions would be to amend the *Indian Act* to incorporate the applicable provincial matrimonial law or provide for individual private property rights on reserves.

Since the *Indian Act* does not deal with matrimonial property rights, it would require a parliamentary amendment to change that. True, the constitution gives the federal government exclusive jurisdiction over native reserves; this does not mean however that the federal government can not delegate some of its jurisdiction. A simple parliamentary amendment could allow for the appropriate provincial marriage laws to apply on reserves.

Reserve land is now held in trust by the Canadian government and

not by the native Canadian community members. This land needs to be transferred to the individuals of the native community. This would enable the native communities to establish individual private property rights, thereby providing women – and men – greater certainty over property ownership.

As more and more aboriginal women's organizations are established throughout Canada, Canadians will become more aware of the plight of native women and children who live on reserves. Given the speed at which politicians have dealt with native issues in the past, it will likely take a great deal of public pressure to force the politicians to act. For the sake of native women and children, let's hope they do. ■

First Nations, Second Thoughts

Both controversial and thought provoking, Tom Flanagan's *First Nations? Second Thoughts* dissects the prevailing orthodoxy that determines public policy towards Canada's Aboriginal peoples. Flanagan demonstrates that this policy enriches a small elite of activists, politicians, administrators and well-connected entrepreneurs, while bringing further misery to the very people it is supposed to help.

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Rebalancing Education Funding

Kerry from Winnipeg writes: I am outraged that homeowners are singled out to pay such a sizeable chunk of education costs ... It would be interesting to see how Manitoba compares to the rest of the country.

During the last five years of hysterical focus on ever-increasing health care spending, it is not surprising that the remaining 60 per cent of provincial spending has been pushed off the radar screen. Education is the number two provincial expenditure – just behind health care and just ahead of debt servicing costs.

Each province differs in how it organizes and pays for education. To start, there are two categories of provincial education spending. The first is kindergarten to grade 12 (K to 12) and the second is college, university and vocational training. As per Kerry's question, this analysis focuses on K to 12 education, and its impact on property taxpayers.

Comparative Spending by Province

The first chart on the next page shows what each province spends per student. Higher spending does not necessarily equal better results, but it does carry costs for each province's taxpayers. Manitoba, Alberta and Newfoundland spend considerably more than most other provinces, while Nova Scotia sits way below the rest. It is also interesting to note that in the last four years per pupil education spending has not increased very much. This is largely because health care budgets are gradually eating into all other expenditures by pro-



by **Bruce Winchester**
National Research Director

vincial governments.

As for what drives education costs, salaries top the list. They account for about 60 per cent of all spending. That means increases in spending seldom reflect new initiatives or capital improvements, but rather increasing wages for those working in the sector.

Who Pays the Freight?

Ultimately taxpayers pay the piper one way or another. The second chart shows that only five out of ten provinces levy school taxes on property. Three of these provinces rely significantly on property taxes to fund schools.

Not surprisingly, the final chart reveals big differences in what the provincial treasury spends per capita on education in each province. There is a 28 per cent spread between the highest per capita provincial education spending in Alberta and the lowest in Saskatchewan. This is explained by the fact that property taxpayers often augment provincial spending: Saskatchewan, Ontario and Kerry's province of Manitoba being the most pronounced.

Conclusion

The cost to taxpayers for K to 12 education in each province has more to do with tax mix than it does overall taxes. Your CTF has been vocal in Manitoba and Saskatchewan with concerns about rising property taxes. In Manitoba, your CTF released a study on the impact of school taxes on farmland and found

“As for what drives education costs, salaries top the list. They account for about 60 per cent of all spending. That means increases in spending seldom reflect new initiatives or capital improvements...”

You asked for it...

that taxes have risen seven percent a year in the past decade. The CTF is recommending that the province eliminate school division taxes on property and farmland, providing funding for education through the general revenue fund. In Saskatchewan your CTF has called for a rebalancing of school board funding away from the property tax base. Paying for schools based on assessed value of your property makes little sense. Coming out of the provincial treasury is a more sensible, predictable and transparent way to cover the costs of K-12 education.

However, to get overall education costs down requires—not unlike health care—innovative approaches outside of the one-size-fits-all state monopoly that is largely driven by the demands of powerful teachers' unions. Public private partnerships can provide alternatives for capital and maintenance costs while home schooling, vouchers and charter schools inject greater choice for parents and lower costs and better quality through competition.■

Per pupil Kindergarten to Grade 12 Education Spending (adjusted for inflation)

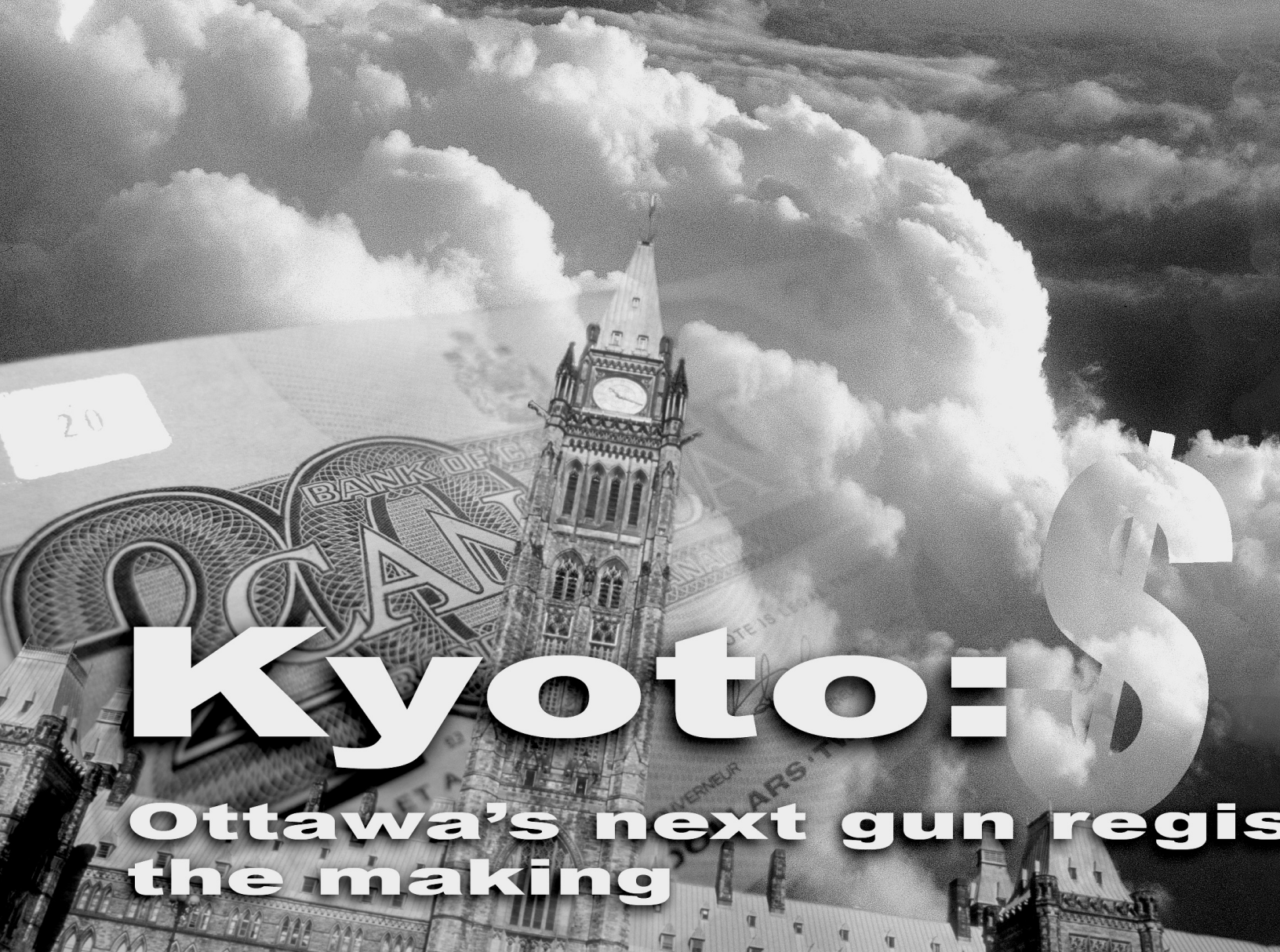
	NL	PEI	NS	NB	PQ	ON	MB	SK	AB	BC	Aver
94-95	6,233	5,768	5,920	6,045	6,948	8,098	7,132	6,031	7,100	7,091	6,637
95-96	6,282	5,146	5,442	5,883	6,692	7,572	7,127	5,933	6,248	7,074	6,340
96-97	6,451	5,617	5,341	5,810	6,678	7,406	7,047	6,049	6,108	7,096	6,360
97-98	6,341	5,779	5,477	5,904	6,447	7,386	7,057	6,212	6,359	7,026	6,399
98-99	6,421	6,992	5,630	6,471	6,367	7,833	7,865	6,379	6,701	6,602	6,726
99-00	6,325	6,677	5,880	7,225	6,309	7,222	7,031	6,505	6,801	6,396	6,637
00-01	6,419	6,547	5,654	6,509	6,301	6,974	6,824	6,509	6,755	6,418	6,491
01-02	7,013	6,526	5,711	6,557	6,328	6,760	7,144	6,643	6,960	6,527	6,617
02-03	7,212	6,659	5,943	6,352	6,415	6,743	7,290	6,838	7,221	6,833	6,751

Property Tax Revenues as a Percentage of School Board Spending

Year	NL	PEI	NS	NB	PQ	ON	MB	SK	AB	BC
00-01	0.00%	0.00%	0.00%	0.00%	12.68%	39.48%	33.50%	51.12%	4.56%	0.00%
01-02	0.00%	0.00%	0.00%	0.00%	12.64%	39.54%	33.40%	50.99%	4.58%	0.00%
02-03	0.00%	0.00%	0.00%	0.00%	12.67%	39.49%	33.40%	50.98%	4.60%	0.00%
03-04	0.00%	0.00%	0.00%	0.00%	12.66%	39.49%	33.41%	50.97%	4.61%	0.00%

Per Capita Provincial Spending on Education 1997 to 2004

Year	NL	PEI	NS	NB	PQ	ON	MB	SK	AB	BC
97-98	1,243	1,227	1,022	825	1,294	873	906	910	1,438	1,456
98-99	1,309	1,333	1,161	955	1,308	998	993	974	1,459	1,457
99-00	1,277	1,327	1,242	1,007	1,337	1,039	1,157	1,006	1,600	1,483
00-01	936	1,380	1,143	1,158	1,372	940	1,264	1,087	1,384	1,936
01-02	1,006	1,447	1,173	1,241	1,423	986	1,292	1,112	1,454	2,047
02-03	1,015	1,479	1,203	1,239	1,489	2,166	1,322	1,073	1,754	2,054
03-04	1,573	1,573	1,262	1,357	1,529	1,135	1,384	1,170	1,861	1,795
04-05	1,624	1,575	1,277	1,368	1,578	1,253	1,431	1,207	1,683	1,622



Kyoto:

Ottawa's next gun regis the making

The federal government has a big problem if it is serious about adhering to the Kyoto Protocol. The international treaty, which came into effect on February 16th, commits Canada to reduce carbon dioxide emissions to 6 per cent below 1990 levels by 2010. Yet the government has yet to produce a national plan to achieve this.

Until very recently, Ottawa believed greenhouse gases would need to be cut by 240 megatonnes (MT), or 33 per cent below current levels. But strong economic growth has increased emissions and it is now believed the disparity is more likely somewhere between 280MT and 300MT, an amount requiring an impossible 40 per cent decrease.

How will Ottawa cope with this setback? By spending more tax money on dubious projects, of course. Some \$3.7-billion has been allocated to Kyoto, but already a 2002 action plan, which outlines how Canadian emissions can be reduced by 180MT, is in tatters. Part of this plan includes the pitch—made by CBC comic Rick Mercer, who was paid \$85,000—for Canadians to take the government's "One-Tonne Challenge," an unrealistic proposal urging people to use 20 per cent less energy by driving less and lowering the thermostat at home when it is -40C outside.

Despite the money and efforts a leaked cabinet document says Canada "will be significantly off" reduction targets as national Kyoto efforts will result in reduc-



**by John
Williamson**
Federal Director



tions of only 78 to 92MT. That's at best half the promised 180MT reduction plan and a long way from hitting 300 or even 240MT. Environment officials are no doubt back at the drawing board despite knowing full well that short of imposing a punishing carbon tax that will grind economic growth to a halt, there is no realistic way for Canada to reduce made-at-home emissions by the amount required.

Publicly, Ottawa denies this obvious fact, arguing instead that developing new "green technology" will result in environmental-technology that will be exported to other markets. All things being equal, this might be true. But the federal government's reasoning ignores the reality that more expensive technologies and the cost to develop them will make Canadian companies less competitive vis-à-vis our competitors.

Ottawa is loath to openly admit this, but the truth occasionally slips out. Natural Resource Minister John Efford has said he does not believe it would be healthy for the Canadian economy if companies move to the United States or abroad as a result of Canada's Kyoto requirements. (Kyoto requires some nations to reduce emissions more than others; and some none at all, like big emitters China and India. Others, like the U.S.

“Ottawa is loath to openly admit this, but the truth occasionally slips out. Natural Resource Minister John Efford has said he does not believe it would be healthy for the Canadian economy if companies move to the United States or abroad as a result of Canada's Kyoto requirements.”

and Australia, have announced they will not ratify or be bound by the protocol, so they are exempt. This leaves Canada as the only nation in the Americas—north and south—to be hamstrung by Kyoto, which might not be so bad were it not for our northern climate, brutal winters and vast land.)

The cost of fully implementing Kyoto with higher taxes, more regulation, and subsidies which will slow the economy and impact individual Canadians. Numbers revised by noted academic Dr.

Ross McKittrick for your CTF this year, reveal Canadians can expect their household incomes to drop by \$3,000 annually when fully implemented.

Kyoto was sold to the public as an easy way to save the environment with little cost or inconvenience. This was complete nonsense. Reducing carbon dioxide emissions can only be done by dramatically curbing energy consumption.

The only way to reduce these emissions is to burn less fossil fuel, which is used to heat homes, travel by road and air, manufacture products and even generate other energy sources. Throwing on another sweater in the dead of winter is not going to be enough.

Rather than come clean with the public and abandon the dysfunctional Kyoto plan, Ottawa is seeking to save itself by trying to adhere to the letter of the protocol, but not the spirit. It will make up any shortfall and

Kyoto: Ottawa's next gun registry in the making

"earn credits" by purchasing emissions abroad.

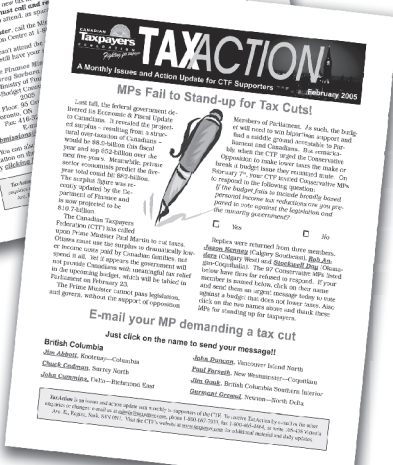
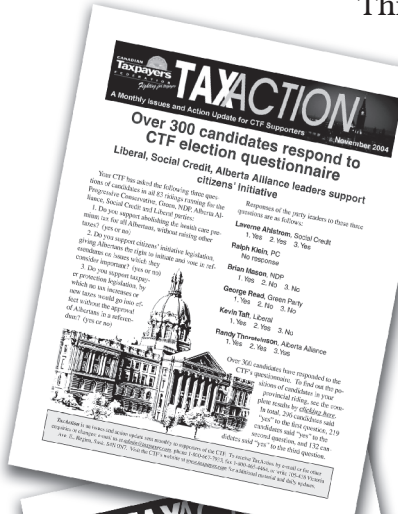
Thanks to the collapse of Communism in 1989—and the Russian economy soon after—Moscow has a surplus of "unused" greenhouse gas to sell. Many regard this as purchasing "hot air" since Russia will not need to reduce its current output if other nations purchase its credits.

“Does anyone really believe federal bureaucrats are capable of monitoring invisible, odorless gases in developing nations more efficiently than tracking guns in Canada or accounting for sponsorship dollars in Ottawa?”

And like Kyoto, the public largely accepted the registry on these promises. But Ottawa's dream quickly turned into a taxpayers' nightmare.

In 1995, Canadians were assured the Firearms Program would cost \$119-million to implement, an amount to be offset by \$117-million in registration fees from law-abiding gun owners. Today, we know the truth. The program's costs ballooned and are on track to hit \$2-billion – without any measurable impact on gun-crime statistics. The Liberal government repeatedly failed to supply parliament with accurate budget information on the registry's costs. An independent review of the program was aborted in 2002 because the government could not provide the complete financial picture to the auditor-general. The registry stands as an indictment of the Liberals inability to prop-

This is all beginning to look like another ill-conceived and deeply flawed federal program: the gun registry. Canadians were told the registry would be a cost effective way to track gun ownership and reduce gun-crime.



Do you receive TaxAction?

Each month, your CTF sends out—via fax or e-mail—an issues and action update. In a recent issue of *TaxAction*, we supplied the e-mail addresses of all the Conservative MPs, so supporters could urge these MPs to vote against the federal budget! In other *TaxActions*, we have surveyed supporters on Ottawa's proposed daycare program, so we can present results to politicians.

If you are a current supporter, you are entitled to receive *TaxAction* either by e-mail or Fax.

To receive TaxAction:

Please call our administration offices using our toll-free number **1-800-667-7933** or e-mail us at **admin@taxpayer.com**

Kyoto: Ottawa's next gun registry making

erly manage ambitious programs. And it will be the same with Kyoto.

Rather than learn from this lesson, Ottawa has taken the costly first steps in embarking on another grand plan. The government set aside \$5-billion to be spent on Kyoto over the next five-years in the recent federal budget. Of this amount, Ottawa is considering spending an astounding \$1.4-billion to buy 100MT of greenhouse gas credits abroad. Tax dollars will be sent abroad with no tangible benefits to Canadians, the economy or the environment. As with Ottawa's gun registry, it will amount to spending money for nothing.

Of course, the government is downplaying this proposal as a last resort. But this does not mean it will not be adopted, particularly when there is no conceivable way to meet targets at home.

Does anyone really believe federal bureaucrats are capable of monitoring invisible, odorless gases in developing nations more efficiently than tracking guns in Canada or accounting for sponsorship dollars in Ottawa?

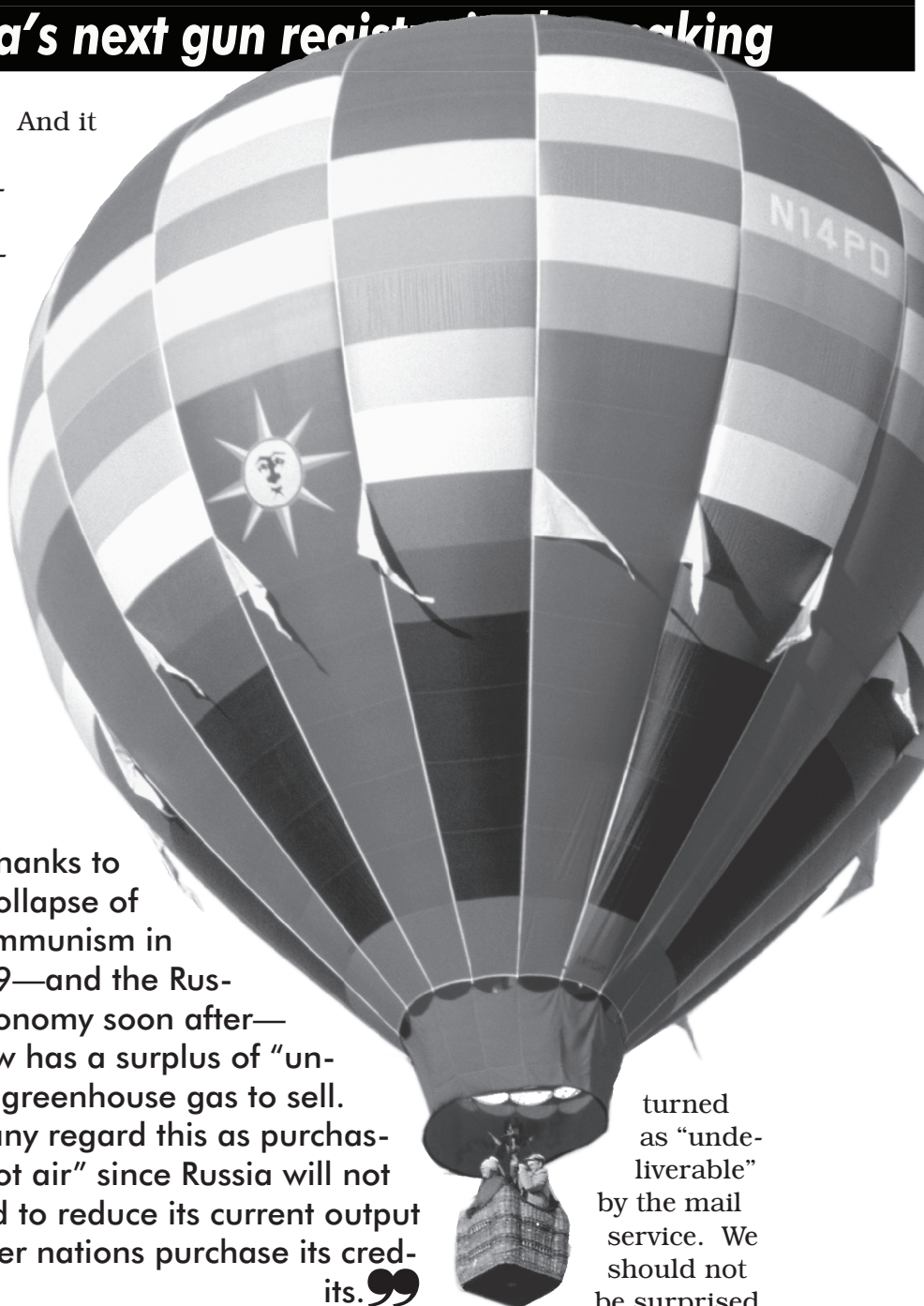
For months the Gomery Inquiry, which is examining the sponsorship program scandal, has been unearthing clues from officials admitting to engaging in money laundering transactions and other nefarious activities. Meanwhile it was reported in February that the Canadian Firearms Centre lost track of 46,000 gun owners when tens of thousands of renewal letters to gun owners were re-

“Thanks to the collapse of Communism in 1989—and the Russian economy soon after—Moscow has a surplus of “unused” greenhouse gas to sell. Many regard this as purchasing “hot air” since Russia will not need to reduce its current output if other nations purchase its credits.”

turned as “undeliverable” by the mail service. We should not be surprised when it is re-

ported the auditor cannot determine whether or not foreign nations keep a lid on emissions sold to us.

Under Kyoto, Canada will continue to pump out emissions and claim victory while it pays foreigners for credits. Is this what environmentalists envision? Is this what taxpayers want? Or, like the gun registry, are we being sold another false bill of goods by the ruling Liberals?■



2004 Year in Review

Each month CTF offices in five provinces and Ottawa—including the Centre for Aboriginal Policy Change—handle hundreds of media interviews and inquires, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers.

CTF representatives speak at functions and organize major campaigns nationally and in the provinces that lead to public policy change.

2004 was an exceptional year. Your CTF made taxpayers count in the 2004 federal election campaign, contributed to democratic reform in British

Columbia and wrote the final chapter on a historic court case that landed on the steps of the Supreme Court of Canada.

Since 1999 your CTF has been an intervenor in the Benoit case that sought an all-inclusive tax exemption for Treaty 8 Indians based on an alleged oral pledge made in 1899. Your CTF argued that a race-based tax exemption would violate equality provisions of the Charter, numerous international treaties, conventions against racism and basic principles of fairness.

Although we lost the case at trial in March 2002, we didn't give up. Thanks to your support we won on appeal in June 2003. This was followed by the Supreme Court of Canada finally dismissing the matter for good in 2004, securing an important victory for the equality of all Canadian taxpayers.

In British Columbia, the CTF has been

pushing for voting reform as part of its mandate in support of accountable government since 1997. Not only was a Citizens' Assembly struck, but they adopted a CTF recommendation in favour of the Single Transferable Vote. A May 17th referendum will decide its fate. It is hoped a strong YES vote will trigger voting reform right across the country.

Finally, while partisan bickering offered little comfort to beleaguered taxpayers, your CTF's six-year campaign demanding lower

and dedicated fuel taxes resulted in one of the few moments of clarity during last year's federal election campaign. All three party leaders made commitments to adopt—in principle—elements of your CTF's Municipal

Roadway Trust model that would plow gas tax revenues into local roads and infrastructure.

Your CTF also made headway pushing for an increase in the basic personal exemption so that all Canadians could finally receive some tax relief. As we crest into 2005 the Liberal minority government's budget provided an increase—albeit small—to the personal income tax exemption and laid out a model to share federal gas tax revenues with municipalities.

Of course your CTF does not win every battle it fights.

Despite having signed a CTF pledge during the 2003 Ontario election campaign that he would honour the CTF-inspired *Taxpayer Protection Act*, Dalton McGuinty introduced a budget in 2004 that not only radically raised taxes and spending, but forecasted deficits through to 2007 and gutted the *Taxpayer Protection Act*.

Immediately, your CTF began a petition,

Higher personal tax exemption helps all

The Canadian Taxpayers Federation has come up with a compelling idea - one that looks so simple and so just, you wonder why no one has done it yet. If the federal government really wants to make the tax system both fairer and simpler, the federation of kids or an immigrant with a language barrier, it's a nice piece of change. For those people, \$100 extra month could mean new shoes for the kids, more meat for the dinner table, or maybe even a vacation. And as a bonus, that's spending that will help the economy.

“As we crest into 2005, the Liberal minority government's budget provided an increase—albeit small—to the personal income tax exemption and laid out a model to share federal gas tax revenues with municipalities.”

2004 Year in Review

organized a rally, made representation at Queen's Park, and filed a lawsuit against both the premier and his finance minister for violation of the province's *Taxpayer Protection Act* and for breach of contract.

While the case was dismissed, it received national attention and made clear to politicians in every part of the country that the CTF will stand and fight on behalf of taxpayers.

As the pages before you will provide testimony, your CTF was kept busy in 2004. And while a brief summary can not provide you every activity undertaken, it will provide you a flavour of the work and dedication of an outstanding team of professionals working on your behalf, day in and day out, in the fight for lower taxes, less waste

and accountable government.

In the coming year, your CTF is going to continue to fight Kyoto, the gun registry, and billions handed out in corporate welfare to companies like Bombardier.

We're going to continue leading the push for meaningful health care reforms that include a role for the private sector, so that taxpayers and health consumers have choices and shorter wait times.

With billions of tax dollars in federal over-taxation, we will continue to demand tax relief. And, if a federal daycare plan is implemented it should not be a state-run, union-only program that will cost untold billions, but a tax credit program that allows parents—not Ottawa—to make the best choice for their kids.

The CTF exists solely because you voluntarily chose to support it with your hard-earned after-tax dollars. Please take the time to look through these pages and appreciate the incredible contribution your support of the Canadian Taxpayers Federation is making.



BC director Sara MacIntyre meets with then-finance Minister Gary Collins to press for a mandatory debt retirement plan. In 2004, your CTF stood up to public sector unions and made significant progress pushing for democratic reform.

**HEU may face
class-action suit
over illegal strike**

News

For Immediate Release

Tuesday May 11, 2004

Filling the Accountability Gap

CTF proposes new voting system for BC in presentation to Citizens' Assembly

VANCOUVER: The Canadian Taxpayers Federation's BC division makes its presentation

The Next Hurdle:



British Columbia's Debt
2005/6 British Columbia Pre-Budget Submission

Submission to the Standing Committee
on Finance and Government Services

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2004 Year in Review

JANUARY

SASK: The province's Commission on K-12 School Financing releases its report accepting a CTF recommendation to dramatically reduce school property taxes. However, director David MacLean takes issue with the report's further recommendation of increasing the province's sales tax to offset any revenue loss.

SASK: The CTF launches a province-wide "No Tax Hikes!" campaign amid wide speculation of tax hikes to stem a ballooning deficit. The campaign includes billboards and radio advertising aimed at gathering signatures on a petition to be delivered before the provincial budget.

FEDERAL: The CTF issues a statement demanding Prime Minister Paul Martin press Canada Steamship Lines to immediately pay back \$10.3-million in government subsidies the company received, ensure a \$4.9-million loan is repaid to the federal government and come clean on any corporate welfare received by his family's shipping empire while he was in cabinet.

FEBRUARY

ALBERTA: Director John Carpay presents Finance Minister Pat Nelson with pre-budget

et recommendations including abolition of the health care premium tax and car insurance tax, spending control legislation and a reduction in the size of cabinet.

FEDERAL: The CTF reacts angrily to findings by the auditor general that show tens of millions went missing in the government's much maligned sponsorship program. The CTF repeats its call for meaningful whistleblower legislation.

CAPC: The auditor general finds the Department of Indian Affairs failed to track \$1.2-billion in spending for two land claims in the North. In a statement, director Tanis Fiss says the finding is endemic of the lack of transparency and accountability in department spending.

MANITOBA: Director Adrienne Batra presents pre-budget recommendations to Finance Minister Greg Selinger which include balancing the budget, freezing departmental spending, eliminating bracket creep taxation and providing school property tax relief.

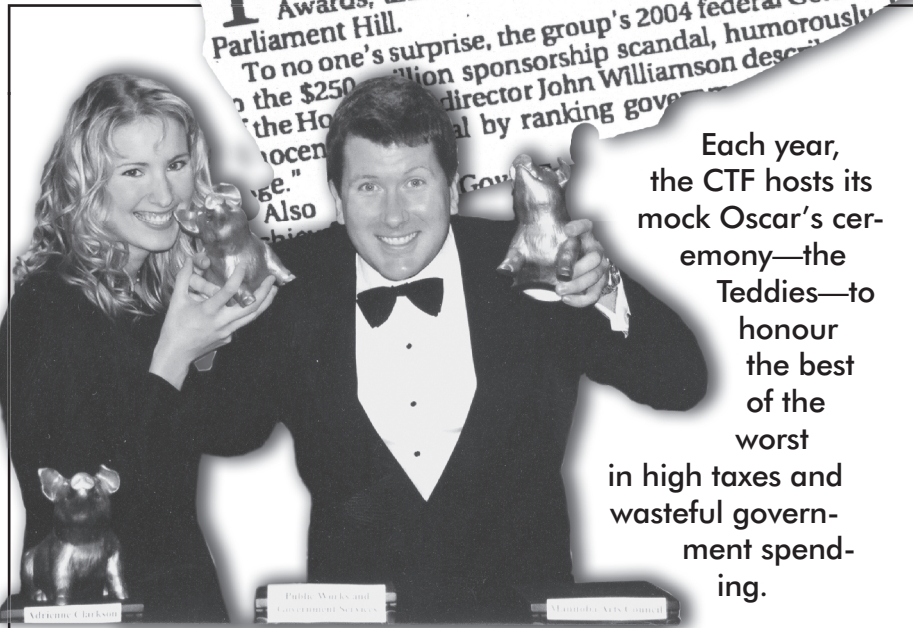
FEDERAL: In the wake of revelations that Governor General Adrienne Clarkson spent \$5.3-million touring 81 guests and staff through northern Europe, the CTF successfully demands cancellation of a second

Feast of corruption

The Canadian Taxpayers Federation had a veritable feast of corruption to choose from for its sixth annual Ted Weatherall. Weatherall Awards, announced yesterday at a black tie news conference in Parliament Hill.

To no one's surprise, the group's 2004 federal Golden Sow award went to the \$250-million sponsorship scandal, humorously named the Howard Award by ranking government officials.

Each year, the CTF hosts its mock Oscar's ceremony—the Teddies—to honour the best of the worst in high taxes and wasteful government spending.



2004 Year in Review



In 2004, your CTF through its Centre for Aboriginal Policy Change ended its five year court battle for the equality of Canadian taxpayers. Director Tanis Fiss also released her second widely acclaimed paper, *Apartheid: Canada's Ugly Secret*, this time calling for abolition of Canada's reserve system.

es spending by 15% over two years and offers no tax relief despite burgeoning surpluses.

ALBERTA: Director John Carpay criticizes Premier Klein's high-spending budget for not reversing tax increases imposed in 2002. The CTF continues challenging Premier Klein to honour his pre-election promise that "the only way taxes are going is down".

CAPC: Director Tanis Fiss stands almost alone in opposition to the Westbank self government agreement. The agreement would shield the British Columbia band from application of the Charter, create a third order of government and impose taxation without representation. A *TaxAction* urges supporters to contact their MP while Tanis appears before the Commons Senate Committee.

Supreme court won't hear tax appeal case

By ANNE KYLE
Leader-Post

In March, 2002, Federal Court Judge Donald Campbell ruled that the "honour of the crown" demanded the fed-

planned trip and a review of Ms. Clarkson's expenses since being appointed in 1999.

MARCH

NATIONAL: The CTF hosts its sixth annual Teddies Waste Awards at a black tie ceremony on Parliament Hill. This year's winners of the famed golden sow include the sponsorship program in the federal category, Manitoba Arts Council in the provincial, and Governor General Adrienne Clarkson receiving the prestigious lifetime achievement award.

FEDERAL: The CTF releases a position paper on CPP reform authored by former director and author Mark Milke calling for an increase in the eligibility age, creation of individual savings accounts and a reduction in EI premiums to offset CPP hikes.

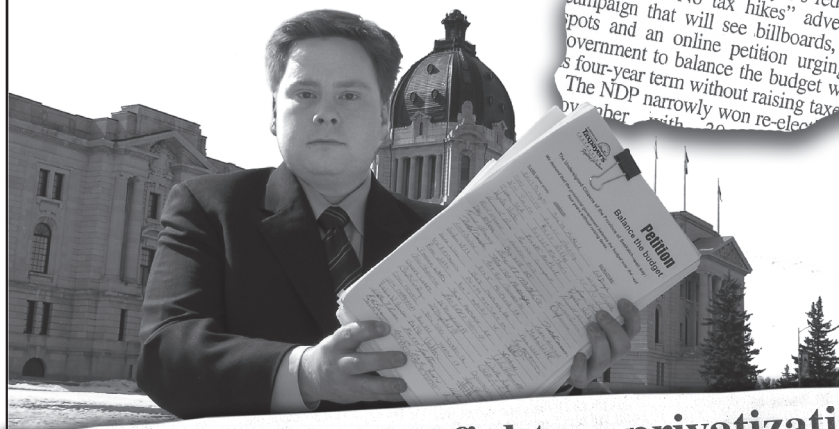
FEDERAL: Modest debt repayment and the sale of the federal government's remaining shares of Petro Canada were positives in an otherwise disappointing federal budget that increas-

MANITOBA: Director Adrienne Batra makes a pre-budget submission to the City of Winnipeg's Executive Planning Committee emphasizing the positive impact of past tax cuts and warning of council's eagerness to spend in non-priority areas.

MANITOBA: The CTF joins two coalitions. The first opposes forced unionization of the \$660-million Red River Floodway project while the second, provides input into the province's freedom of information act.

2004 Year in Review

Saskatchewan director David MacLean presents thousands of "No Tax Hike" petitions in advance of the 2004 budget. The CTF's work on lower school taxes and liquor privatization earned significant coverage in 2004.



Taxpayers federation unveils 'No tax hike' ads

By James Wood
Saskatchewan News Network

REGINA — Finance Minister Harry Van Mulligen promised an aggressive review of program spending Thursday while the Canadian Taxpayers Federation aimed to take advantage of the NDP government's slim majority to head off any tax increases.

On Thursday, the taxpayer's federation unveiled its "No tax hikes" advertising campaign that will see billboards, radio spots and an online petition urging the government to balance the budget within its four-year term without raising taxes. The NDP narrowly won re-election in November with 29 per cent of the vote.

"We go through a budget exercise every year, where we look at program expenditures and we will be, how can I say, more aggressive than we've ever been in terms of reviewing program expenditures," he told reporters.

When asked, Van Mulligen compared the review to those done when the NDP administration took power in the mid-1990s.

The government's revenue is currently

second position

paper titled *Apartheid: Canada's Ugly Secret* calling for abolition of the Indian reserve system. Director Tanis Fiss tours the country in its support including a meeting with Assembly of First Nations Chief Phil Fontaine. The paper received editorial praise in both the *National Post* and *Globe and Mail*.

Sask. Party refuses to fight on privatization

COMMENTARY

It's a sad day for Saskatchewan politics when the only real source of policy alternatives is found outside the provincial legislature.

One would normally look to the opposition parties for a different view on the issues of the day.

both the Saskatchewan Party and the Liberals have renounced this role, at least when it comes to the privatization file.

They're content to let the NDP tell them what's good for the economy. Indeed, the only group willing to buck the New Democratic Party line now appears to be the Saskatchewan Party.

While it once appeared to be singing backup for the Saskatchewan Party on most issues, the CTF has now become a voice in the wilderness, with the temerity to talk about selling off government liquor stores even as the NDP government

ONTARIO: Director Tasha Kheiriddin presents the CTF's 2004 pre-budget submission to Finance Minister Greg Sorbara urging spending restraint and a firm commitment to the province's *Taxpayer Protection Act*.

MANITOBA: The Doer government sidesteps the province's *Taxpayer Protection Act* by expanding the PST. Raising it would have required a referendum. Director Adrienne Barra criticizes a budget that continues to nickel and dime taxpayers and maintains bracket creep without any effort at cost containment.

CAPC: The Centre for Aboriginal Policy Change issues its

NATIONAL: Federal director John Williamson pens a commentary advocating for a private parallel health care system to co-exist alongside the public one. The commentary is published in both the *Vancouver Sun* and *Ottawa Sun*.

FEDERAL: The CTF reacts angrily to Bill C-24. Passed in record time, the bill extends health and disability benefits to retired MPs. Research director Bruce Winchester is quoted on the front page of the *National Post* after giving Senate testimony suggesting the bill may set a precedent for Canada's three-million public servants.

BRITISH COLUMBIA: In the wake of an illegal strike by the Hospital Employees Union the CTF launches a radio ad campaign providing facts on the

SASK: On the eve of a provincial budget the CTF wraps up its "No More Tax Hikes" campaign with the delivery of thousands of petitions demanding a balanced budget with no tax hikes. Since 1999, spending has grown 22% faster than revenues at a time when the province's population is declining.

APRIL

CAPC: The CTF responds favourably to the Supreme Court of Canada's decision not to hear the *Benoit v. Canada* (Treaty 8) tax appeal.

2004 Year in Review

union's generous compensation package. After thousands of surgeries are cancelled director Sara MacIntyre goes one step further and offers to coordinate patients in a class action suit against the union.

MAY

NATIONAL: The CTF kicks off its 6th annual Gas Tax Honesty Campaign featuring a decorated



ed mini-van making its way from Mile 0 of the Trans Canada Highway in Victoria, BC, to Parliament Hill in Ottawa. Party leaders in the federal election campaign make their most significant commitments yet to dedicating federal fuel tax revenues to roads and infrastructure.

BRITISH COLUMBIA: The CTF makes a submission to the federal Priddle Panel recommending a lifting of the moratorium on offshore oil and gas exploration off BC's West Coast. Written by Dr. Chris Campbell, the report outlines potential socio-economic benefits.

ALBERTA: The CTF launches a petition campaign to abolish the province's 3% hidden sales tax on insurance. Director John Carpay points to the irony of a government concerned

about high premiums yet profiting from the same.

ONTARIO: The CTF dubs the McGuinty government's first budget—that introduces new taxes and four years of red ink—"the Big Lie". During the provincial election campaign Dalton McGuinty signed a CTF pledge committing to balance the budget and not raise taxes in the absence of a referendum. Immediately, your CTF begins a petition, organizes a rally, makes representation at Queen's Park, and files a lawsuit against both the premier and his finance minister for violation of the province's *Taxpayer Protection Act* and breach of contract.

BRITISH COLUMBIA: The CTF makes a presentation to the prov-

Gas tax has federation fuming
Taxpayers' advocacy group takes campaign across the country



Long-time CTF campaigns in support of increasing the Basic Personal Exemption and dedicating fuel taxes to local roads and infrastructure had a significant impact in 2004—policy gains on both fronts arrived in 2005.

2004 Year in Review

ince's Citizens Assembly on Electoral Reform recommending a mixed voting system that incorporates multi-member ridings. The recommendation is grounded in granting voters greater accountability by weakening party control and strengthening local representation.

JUNE

SASK: Through Freedom of Information the CTF reveals that moving Saskatchewan Learning offices to a new downtown location cost taxpayers \$6-million. A request for financial justifica-

tion was denied. Also denied was a CTF request for documentation surrounding economic impact of increasing the PST.

ALBERTA: In response to votes by teachers' unions in both Edmonton and Calgary in favour of going on strike, the CTF issues a statement calling on the Klein government to legislate education as an essential service.

FEDERAL: The CTF releases calculations revealing direct taxpayer subsidies to political parties will top \$57-million this election year. This is up from \$20-million in the 2000 election.

In addition to candidate and party expense reim-

bursements, the new Election Act grants \$1.75 annually for each vote received by a party in the previous election.

NATIONAL: The CTF's "Running on Empty, Fuming to Ottawa" tour ends on Parliament Hill after logging 7,163 kms and stopping in 40 communities. 80,000 taxpayers along with 2,046 mayors and councillors from 459 communities sign the CTF's petition demanding federal gas taxes be dedicated to roads.

FEDERAL: The CTF releases calculations showing 84 MPs who were either defeat-

ed or retired prior to the June 28th vote will collect \$3.6-million in annual pension benefits and another \$3.4-million in severance payouts.

NATIONAL: On the eve of a federal election the Fraser Institute announces Tax Freedom Day will arrive on June 28th—fully 18 days later than 1993 when the Liberals took office.

MANITOBA: Seven of Winnipeg's 10 mayoral candidates—including the eventu-

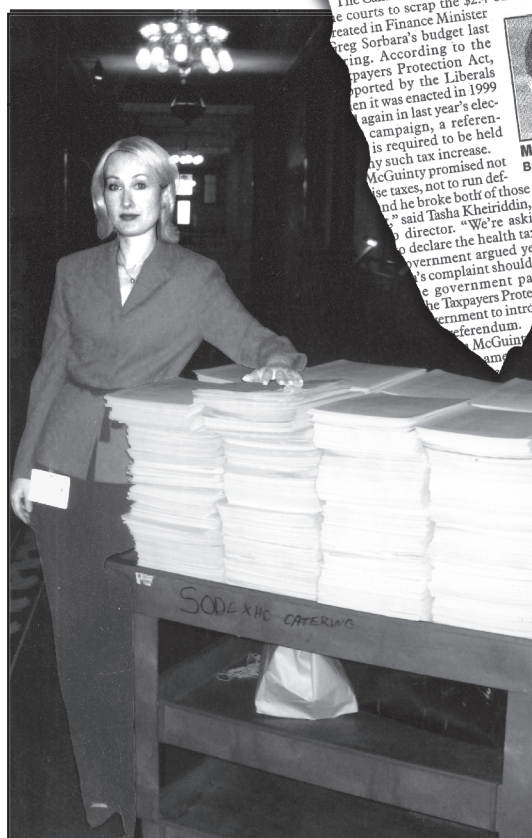


2004 Year in Review

al winner Sam Katz—sign a CTF pledge that support efforts to lower property taxes and gradually reduce the business tax.

JULY

ALBERTA: The CTF congratulates all Albertans on elimination of the province's debt and urges the Klein government to control its spending and cut taxes. A CTF-inspired law that required 75% of surpluses be directed toward debt elimination paid huge dividends.



AUGUST

SASK: A CTF survey reveals public sector absenteeism is on the rise costing taxpayers.

Liberals sued for tax lies

Scrap health levy: Group

A TAXPAYERS' advocacy group took the McGuinty government to court yesterday over its broken vows to hold the line on taxes and balance its budgets. The Canadian Taxpayers Federation is asking the courts to scrap the \$2.4-billion health tax created in Finance Minister Greg Sorbara's budget last spring. According to the Taxpayers Protection Act, supported by the Liberals when it was enacted in 1999, again in last year's election campaign, a referendum is required to be held if any such tax increase. McGuinty promised not to raise taxes, not to run deficits and he broke both of those promises, said Tasha Kheiriddin, the CTF director. "We're asking the government to declare the health tax illegal," she said. The government argued yesterday that the complaint should be thrown out because it passed the Taxpayers Protection Act. The government passed the Taxpayers Protection Act to introduce a referendum. McGuinty's name



McGUINTY Broken promise

Director Tasha Kheiriddin stands next to 209,000 petitions demanding Dalton McGuinty honour his signed election pledge to balance the budget and not raise taxes without a referendum. The CTF also held a rally and filed suit against the premier for violation of Ontario's Taxpayer Protection Act.

ers millions of dollars. Of the 12 crowns, departments, and agencies examined through freedom of information, 10 showed overall increases in absenteeism. The province's absentee rate is 14% higher than the national average and has risen 8.1% since 2001.

BRITISH COLUMBIA: As the Athens Olympic Games kicks off CTF director Sara MacIntyre pens a widely published commentary warning British Columbians of the risks inherent in Olympic budgeting. The commentary calls for truth in budgeting, a role for the private sector, competitive tendering and transparency.

FEDERAL: The revelations former Canada Post boss Andre Ouellet racked up \$2-million in unreceipted expenses over eight years prompts the CTF to demand Revenue Minister John McCallum conduct a full review and ensure any taxes owed are paid. Director John Williamson points out the government would never turn a blind eye to such conduct in the private sector.

September

FEDERAL: The CTF screams "No More" in response to a commission recommendation that would raise MP salaries by a further 10%. This, despite, MP salaries having risen 29% since 2001! The CTF quickly organiz-

2004 Year in Review

es a campaign reminding MPs that all party leaders committed during the recent election that they would not hike salaries. The increase was stopped in its tracks.

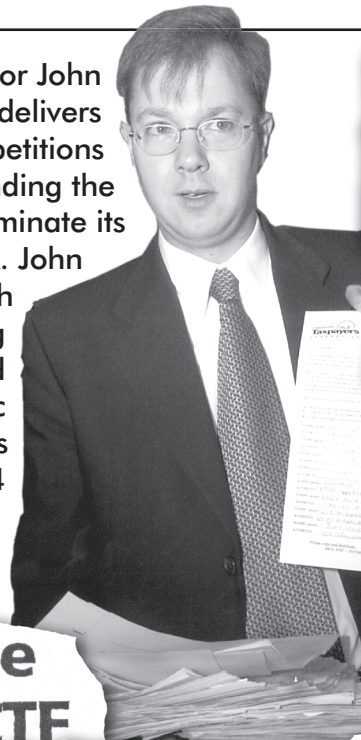
MANITOBA: CTF director Adrienne Batra meets with newly elected Winnipeg Mayor Sam Katz to discuss his signed commitment to eliminate the city's business tax. In October, the CTF would commend the new mayor for cancelling a \$75-million bus rapid transit plan—something the CTF had previously opposed.

CAPC: Director Tanis Fiss issues a statement commending and encouraging Minister of Indian Affairs Andy Scott's declaration that private ownership of native housing may be a way to combat poverty. Since 1997 your CTF has been advocating the allowance of private property rights for native Canadians.

October

FEDERAL: Directors John Williamson and Bruce Winchester deliver over 65,000 petitions to Infrastructure Minister John Godfrey and detail the CTF's plan to reinvest half of federal fuel taxes into a Municipal Roadway Trust with the remainder returning to motorists in the form of lower taxes.

Alberta director John Carpay delivers thousands of petitions demanding the province eliminate its health tax. John made high taxes, spending restraint and democratic reform, issues in the 2004 provincial election.



Talking sure ain't cheap
Province's advertising nearly doubles to \$7.3M

By DARCY HENTON
The Canadian Press
The cost of communicating with Albertans is growing leaps and bounds. The Alberta government spent \$7.3 million in advertising in 2002-03 — nearly double the \$4 million spent the previous year. The Alberta government spent \$230,000 advertising to promote budget cuts last year. It spent \$1 million on a campaign to convince the Canadian public to support the government's budget. In comparison, \$7.3 million is the estimated amount for 50 new Edmonton police officers or 100 teachers at Alberta schools. The Tory government is expected to roll out a campaign this year to explain immigration reforms, but that spending is not necessary, says the CTF. The government is expected to roll out a campaign this year to explain immigration reforms, but that spending is not necessary, says the CTF. The government is expected to roll out a campaign this year to explain immigration reforms, but that spending is not necessary, says the CTF.

MLA pay hike raises ire of CTF

BY MARK WELLS
Staff Writer

On Taxpayers Federation's Carpay cried

Tax fighters urge cuts

By BILL KAUFMANN

wants to kill the premiums that raise \$1 billion a year for the revenues of a government running surpluses. It says candidates

83% of Albertans favour taxpayer protection referendum. Revenue Minister Greg Marston

BRITISH COLUMBIA: In its 2005/06 pre-budget submission to both the province's finance committee and Minister Gary Collins, director Sara MacIntyre advocates a legislated debt repayment schedule to slay the province's \$37-billion debt. In addition, Sara pushes for an Olympic spending transparency plan and a reversal of the government's sales tax increase. The tax was cut the following week.

SASK: CTF director David MacLean speaks to municipal leaders in Swift Current about school board amalgamation. MacLean underscores the need

for reform to school board property taxes, and for a shifting of some education costs off the property tax bill.

ONTARIO: Amid significant media coverage your CTF delivers 209,045 signatures on its taxpayer protection petition to Premier McGuinty's office. The petition demands the premier repeal new taxes he pledged not to raise during the election campaign in the absence of a referendum. In a CTF press conference, director Tasha Kheiriddin unveils a new internet advertisement and provides an update on the court case launched against the premier and his finance minister for vi-

Don't fix the gun registry — kill it

GM ups ante in bid for federal cash

Kyoto's killer costs

How Bombardier plays the subsidy market

Fontaine wants Indian status laws

Canada's tax load remains heaviest by far in NAFTA

ation of Ontario's Taxpayer Protection Act.

NOVEMBER

FEDERAL: In response to revelations that federal surpluses will total \$80-billion over the next five years, the CTF issues a statement demanding the minority Liberal government be defeated unless substantial tax relief is presented in the next federal budget. Director John Williamson would later appear before the House of Commons Finance Committee calling for spending restraint, an increase in the Basic Personal Exemption, a mandatory debt repayment schedule, adoption of the CTF's Municipal Roadway Trust, and an end to Kyoto, corporate welfare, the gun registry and plans to institute a national daycare plan.

ALBERTA: The CTF issues election survey questions to over 400

candidates in 83 ridings representing six parties to elevate support for health tax abolition, citizen-initiated referendum and taxpayer protection legislation. In the wake of election results the CTF releases calculations showing 28 retiring or defeated MLAs will cost taxpayers \$6.1 million in severance payouts.

SASK: The CTF releases a major study calling for privatization of the province's 81 liquor stores citing increased jobs, business opportunities and consumer convenience. The well-publicized report includes polling data revealing 72% of Saskatchewan residents believe that government should have no role in the liquor business.

DECEMBER

FEDERAL: The CTF releases its annual payroll and income tax projections showing Canadian taxpayers can expect, on average, to save a whopping \$2.94 a month in calendar 2005! CPP tax hikes are outstripped only modestly by EI tax reductions and indexation of the income tax system.

BRITISH COLUMBIA: The CTF praises the work of the Citizens Assembly on Electoral Reform which submits its final report to the legislature. After exhaustive public consultation the Assembly recommends BC adopt the Single Transferable Vote to replace the province's first-past-the-post voting system. The CTF, which recommended the same, vowed to support a strong YES vote in a referendum to ratify the recommendation set for May 17th.

ONTARIO: The Ontario Superior Court rules against the CTF in its case against premier Dalton McGuinty and Finance Minister Greg Sorbara. The CTF launched the suit in the wake of Dalton McGuinty breaking his signed pledge made during the Ontario election not to raise taxes in absence of a referendum. Director Tasha Kheiriddin thanked the thousands of Ontarians who sent donations, signed the petition and offered words of encouragement. ■

Activity Report 2004 Year in Review

Office	Media Contacts	Events/ Speeches/Letters/Releases/ Reports/Meetings/Etc.
Ottawa	1214	138
Manitoba	641	141
Alberta	598	247
Ontario	481	92
Sask	276	90
BC	236	67
CAPC*	222	82
Totals	3668	857

* CAPC stands for the CTF's Centre for Aboriginal Policy Change.

British Columbia

A SUBSIDY by any other name is the SAME

In late December, the Ontario government started a provincial bidding war for the nation's film industry, courtesy of taxpayers. The battle for red carpet dollars is not new and every province, save Alberta, offers some form of labour-based tax credits for domestic and foreign film productions. Of the two, the foreign market is more lucrative. It's understandable, then, that the heavily domestic-based Toronto film hub would want a piece of Vancouver's foreign film production market.

But instead of competing for foreign production dollars, the Toronto film industry went straight to Queen's Park looking for a hand-out.

“Film executives took to the street in protest, demanding Ontario taxpayers out-subsidize British Columbia. The publicity stunt paid off...”

Film executives took to the street in protest, demanding Ontario taxpayers out-subsidize British Columbia. The publicity stunt paid off. Within days of the march, the Ontario government announced

that labour tax credits for foreign film productions would be increased to 18 percent from 11 percent and 30 percent from 20 percent for domestic productions.

Shortly thereafter, the Quebec government joined the 'race to the bottom' by offering a 20 percent tax credit for foreign film production. As expected, BC's film industry unanimously started screaming that the sky was indeed falling, the end was near and they all had to leave for On-



by Sara
MacIntyre
British Columbia Director

tario. Granted, moving to Ontario in December is something to cry about, but the film industry was under no such threat.

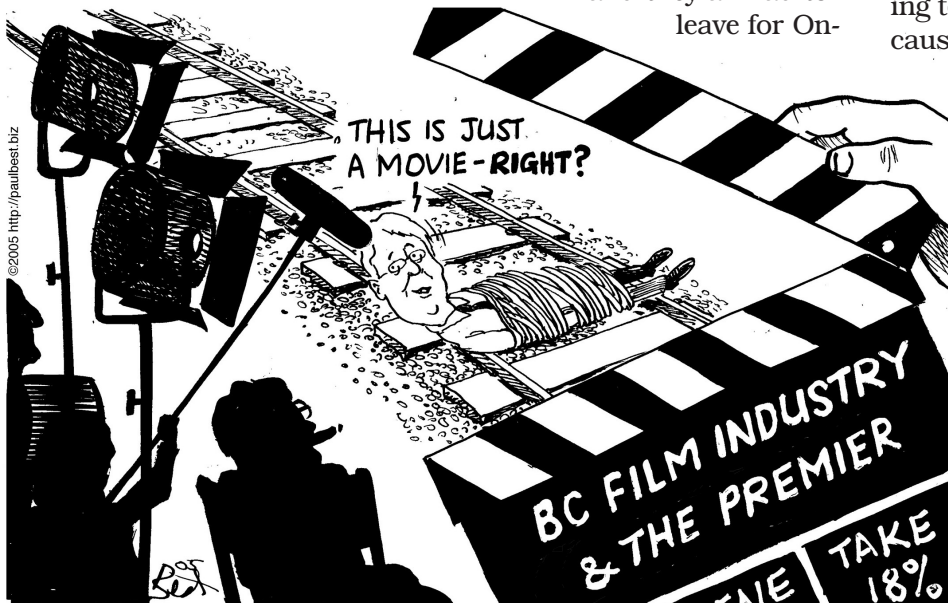
BC film producers have many advantages that their cohorts

in Ontario simply can't compete with, such as year-round shooting, diverse landscapes, industry infrastructure and most important for the actors, proximity to Hollywood. Industry advocates were selling their talent and reputation short. BC has a large and skilled talent pool with the experience and reputation that has earned them many productions that could have been done cheaper elsewhere.

Manitoba, for example, offers a 40 percent labour tax credit for foreign productions, why hasn't the local industry been complaining about having to move to Manitoba? Because production locations are

not determined solely on the basis of the bottom-line. The BC film industry would have remained competitive for foreign productions with or without the boost in taxpayer subsidies. The increase has simply shielded the industry from doing some much needed house cleaning such as addressing its costly union problems.

So, why did BC film



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British Columbia

producers threaten to leave if the government didn't match Ontario's tax credits? Because they knew they would get it. The timing was perfect to pilage the province's coffers: BC had a new finance minister, a \$2 billion surplus, an upcoming budget and an election on the horizon. After a public campaign by an industry famous for its melodrama, the

door swung opened to the premier's office and two days later, so did taxpayers' wallets.

Premier Campbell needs to be reminded of his 2001 election promise to end corporate welfare and that a subsidy called by any other name is still the same. Tax credits for the foreign film production industry operate as a cash pay-out and not a reduction in for-

gone revenue. Simply put, provincial revenue writes a cheque for 18 per cent of the labour cost to the foreign production company, which then heads to its parent company.

The labour tax credit gives the tax dollars of successful businesses and hard-working British Columbian's to film producers. If that isn't corporate welfare, what is? ■

Forever, not *Four* Months

If, in the past 12 months, you have turned on the television, read a newspaper or listened to the radio, you most certainly heard the government boasting of its accomplishments courtesy of your tax dollars. The provincial government has been running a series of advertisements reminding us voters how great our province is.

For example, the CTF learned through Freedom of Information (FOI) requests that one series of ads, dubbed "The Spirit of 2010: Be Here, Play Here" cost taxpayers over \$4 million and simply reminded British Columbians that the Olympics were coming in 2010. Another campaign, "Learn Here" cost taxpayers an additional \$1.6 million. In the past year, the government has run other thematic ads such as, "Discover BC," "Work here," "Invest here" and "Play here." The total cost to taxpayers has yet

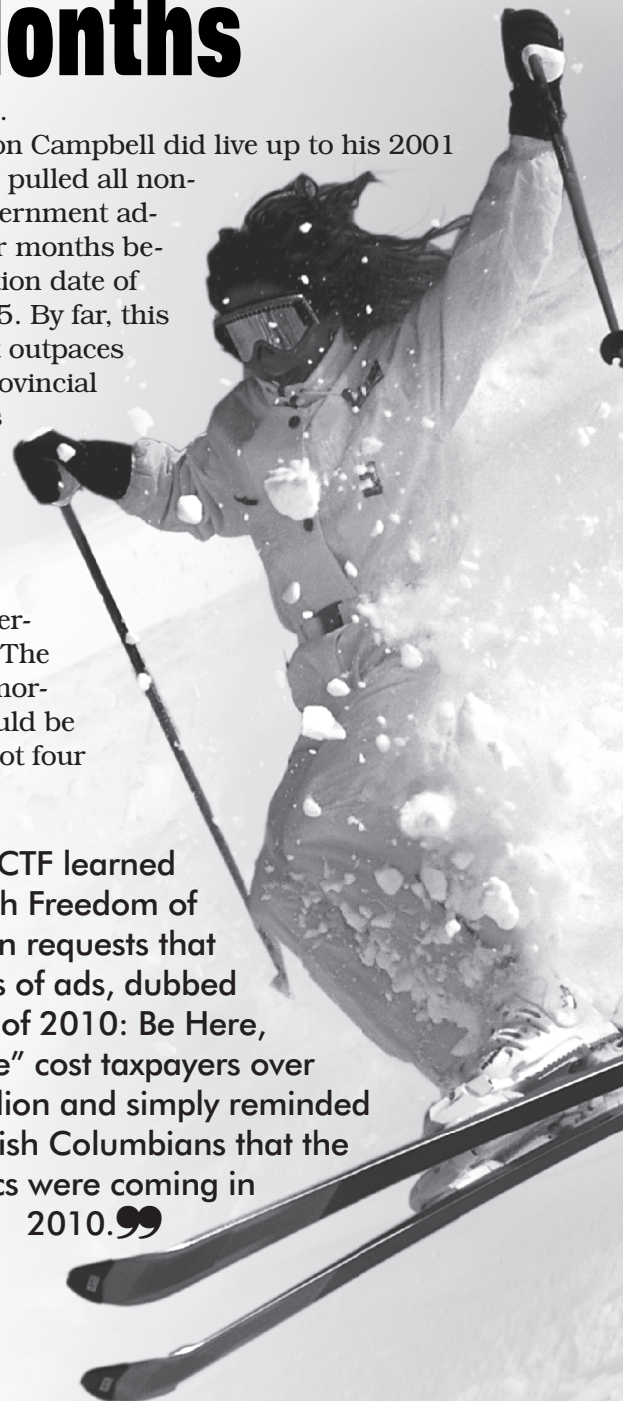
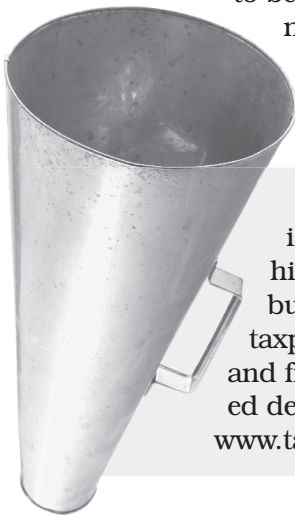
to be revealed because government officials are telling the public to wait until the public accounts are released, conveniently

Tell the finance minister to pay down BC's historic debt and ease the burden for tomorrow's taxpayers. Go to our website and fill out the CTF's legislated debt repayment petition at: www.taxpayer.com

post-election.

But Gordon Campbell did live up to his 2001 promise and pulled all non-essential government advertising four months before the election date of May 17, 2005. By far, this commitment outpaces any of his provincial counterparts but why should taxpayers pay for any non-essential or partisan advertising at all? The advertising moratorium should be four years, not four months. ■

“The CTF learned through Freedom of Information requests that one series of ads, dubbed “The Spirit of 2010: Be Here, Play Here” cost taxpayers over \$4 million and simply reminded British Columbians that the Olympics were coming in 2010.”



INCOME TAX REFUND CHEQUES THIS JULY?

In 2004, the CTF asked its supporters in Alberta what the government should do with the \$4 billion it collects each year (on average) from oil and gas royalties. The priorities of CTF supporters are, from highest to lowest:

1. return this money to taxpayers as income tax refunds;
2. spend this money on government programs;
3. pay annual dividends to all Albertans (whether they paid income tax or not); and
4. save this money in the Heritage Fund for future generations.

Currently, politicians spend 100% of oil and gas royalties. None of this money is returned to Albertans, who continue paying billions in provincial income tax.

Albertans paid \$4.8 billion in provincial income tax in 2004.

But Alberta's politicians now find themselves with \$5.8 billion

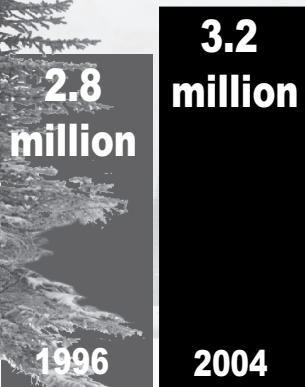
in extra revenues for the 2004 fiscal year, which ends on March 31, 2005.

With \$5.8 billion in extra taxes, why

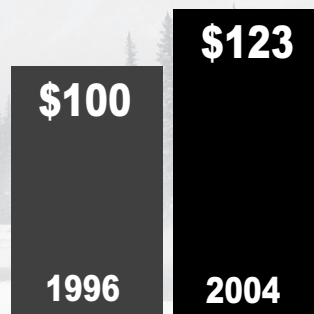


Meeting to discuss the provincial budget on Valentine's Day 2005, CTF-Alberta Director John Carpay presents Alberta Finance Minister Shirley McClellan with a cake.

Why Alberta needs spending control legislation



Between 1996 & 2004, Alberta's population increased by 15%



Between 1996 & 2004, Alberta's inflation rate was 23%



Meanwhile, government program spending increased by a staggering 90%

shouldn't every Albertan get a refund of provincial income tax paid in 2004?

Income tax refunds will be hundreds of dollars for some people, and thousands for others. This isn't money which politicians and bureaucrats earned, but money first earned by Albertans. It's not a gift, but simply getting back what was yours to begin with. It's enjoying the freedom to use your own earnings to save for your children's education, take a vacation, give more money to worthwhile causes, pay off debt, or buy new furniture.

Those who want to see the \$5.8 billion surplus spent by politicians should remember that no one spends someone else's money as wisely as he spends his own. With an extra \$5.8 billion now in their hands, there is no excuse for politicians to keep the \$4.8 billion they took from us last year through provincial income tax.■

\$864,102 wasted on pre-election advertising

Through a *Freedom of Information* request, the CTF learned that the Alberta government spent \$864,102 to promote its new car insurance system, with radio and newspaper advertising, and by printing and mailing brochures across Alberta. Large newspaper ads and numerous radio ads ran in the months prior to the November 2004 election, claiming that the controversial new system was fair. The amount includes the bulk of the expenses, but not all. The CTF first asked for an estimate in October of 2004, but no information was received until December—after the provincial election was over.■



Alberta director John Carpay presents the Alberta Finance Minister with petitions asking that Alberta's 3% hidden sales tax on insurance be abolished.

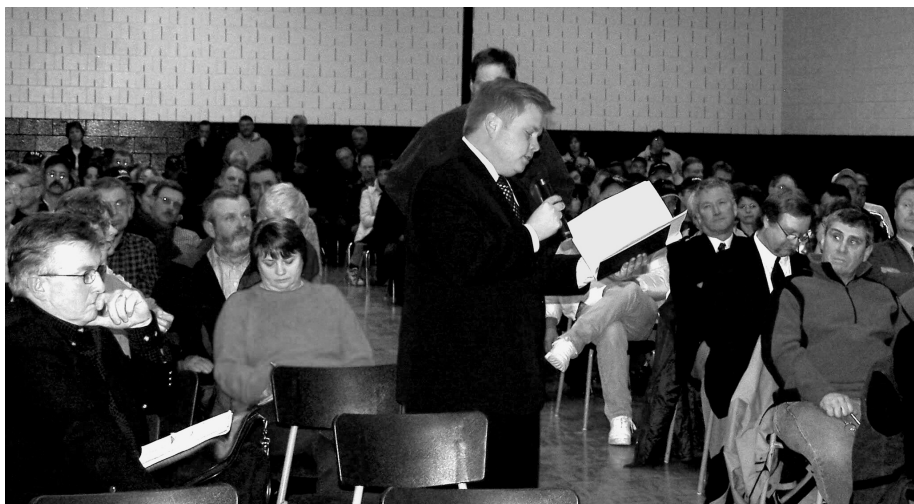
The Alberta government collects \$191 million per year through its 3% hidden sales tax on insurance. That \$191 million works out to \$60 for every man, woman and child, or \$240 per year for a family of four. A significant portion of this \$191 million is paid by business, but ultimately taxes are always paid by people, as consumers, employees and investors.

While collecting \$191 million per year from Albertans through this sales tax, the government claims its new car insurance system will save motorists \$200 million per year. Wouldn't it make more sense to scrap this tax, and leave an extra \$191 million in Albertans' pockets? That would also avoid the cost of new bureaucracy to implement the government's added car insurance regulations. Abolishing this tax would also lower the cost of car insurance for everyone.■

Saskatchewan

BIG TROUBLE

in Davidson



CTF director David MacLean addresses Davidson meeting

Recent events at the Davidson school division shed light on potential problems that may crop up as the province moves toward school board amalgamation. These events show why we need to be vigilant to ensure taxpayer dollars are spent responsibly, and that our elected school board trustees remain accountable to local taxpayers.

Davidson school board trustees are embroiled in an intense political scandal after they granted a \$120,000 "retirement gratuity" to 32-year bureaucrat Jeff Alexander. Putting aside the fact that a \$120,000 payout is unconscionable given that the district doesn't have sufficient resources to renovate dungeon-like bathrooms at its high school, Mr. Alexander didn't retire, nor was he laid off!

Mr. Alexander resigned on his own accord, and, according to his 2001 employ-

ment contract, that means he wasn't eligible for any payout. But that fact didn't dissuade the board. Worse, the board re-hired

Alexander the very next day on a professional services contract with the exact same annual salary of \$80,000. The *coup de grace*, the *ne plus ultra* is that Alexander is now also collecting his pension!

Out with the rusted and busted "double dipping," and in with new-style "triple dipping." Davidson trustees are taking government waste to a whole new level. Incredibly, four Davidson school board trustees and the education director are suing the owners of the *Davidson Leader* and the *Craik Weekly News*, as well as the author of a letter to those papers criticizing the "retirement gratuity." According to a statement of

claim, the plaintiffs are seeking damages for "defamatory remarks."

Outraged Davidson ratepayers responded by collecting 140 signatures to force a public meeting on the issue. More than 200 attended the meeting and asked tough questions of the three board members who bothered to show up.

This issue is the result of upcoming school board amalgamations. Ratepayers in other parts of the province take note. The Davidson board decided to negotiate a payout and settle with Alexander in the event that his services would no longer be required by the new division. Learning Minister Andrew Thomson agreed the board was jumping the gun.

The path to amalgamation is fraught with taxpayer hazards. Amalgamation in Manitoba led to higher school taxes, more duplication and bigger government. Ditto for health

district amalgamation in British Columbia, and municipal amalgamations across Canada. As a general rule, costs and therefore

tax-rates rise to the highest common denominator, while Davidson-style bailout packages become rampant. Ratepayers beware.■

Fostering a prosperous and sustainable second century

Your CTF's 2005 pre-budget submission tells the Calvert government to control spending and cut taxes in an effort to create a stronger Saskatchewan. The report, entitled "Fostering a prosperous and sustainable second century," makes six recommendations aimed at providing relief for taxpayers and creating a sustainable provincial government.

The single biggest factor, when it comes to lowering taxes and streamlining the economy, is the size of the provincial government. In no uncertain terms, total provincial public sector employment has skyrocketed since hitting a low in 1995. Government employment grew by 7 per cent during the last half of Roy Romanow's tenure, which grew the civil service by almost 5,000 employees. In the first four years of the Calvert government, the civil service grew by an additional 8.4 per cent.

It's important to note that Saskatchewan's declining population means more civil servants have been hired to service fewer people. One would think, improvements in technology and business practices should lead to an overall reduction in the civil service.

If growing the civil service is part of a government strategy to increase employment in Saskatchewan, it isn't working.

Saskatchewan's average job growth over the past decade ranks last among all provinces. The growth of the civil service has significantly increased the percentage of tax dollars going toward salaries, and has done nothing to improve Saskatchewan's labour market.

Moreover, government will be unable to make necessary tax reductions to build a competitive economy.

Recommendations:

- Reduce government spending and control the cost of public sector to ensure balanced budgets and allow for targeted tax reductions;
- Privatize Saskatchewan Transportation and purchase the required services to meet social policy objectives;
- Begin a formal, long-term process aimed at exploring new models of health-care delivery and allow the establishment of a parallel private health system;
- Establish a measurable plan to increase the provincial share of education funding to 75%;
- Increase the Basic Personal Exemption to \$15,000 over five years; and
- Privatize liquor retail operations in order to save taxpayers \$8 million annually and create hundreds of new businesses and jobs.■



by **David MacLean**
Saskatchewan Director

Another Another year rate increase

Get ready to dig deeper into your pockets, Manitoba's largest public utility is after more of your money. Manitoba Hydro has applied to the Public Utilities Board (PUB) to confirm two electricity rate increases each pegged at 2.25 per cent, putting an additional \$33 million into the crown corporation's coffers.

What is perhaps most disconcerting about yet another rate increase is Manitoba Hydro made an extraordinary economic recovery from last year's drought. It has been reported that Hydro expects to earn \$177 million more than originally anticipated through electricity sales in the next fiscal year.

Adding insult to ratepayers' injury, Hydro is spending nearly \$75 million on the construction of a brand new building in downtown Winnipeg. Last year Hydro projected a \$359 million loss and the CTF raised concerns then as to whether it was prudent for the utility company to embark on a new capital project. Hydro's boss Bob Brennan at the time said that it would save the crown money to have all of their employees under one roof, but he was unable to put a dollar figure to that claim.

There are also concerns mounting over Hydro's debt level, which already eclipsed that of the provincial government's general-purpose debt. Hydro is currently showing a \$7 billion debt and is set to increase an additional \$5 billion (guaranteed by the province) once construction begins on the Conawapa Dam

on the Nelson River. And who could forget the \$203 million "dividend" the NDP government took from the cash-strapped crown to balance the books, a practice the PUB swiftly condemned.

According to Manitoba Hydro, the future looks



by **Adrienne Batra**
Manitoba Director

“Last year Hydro projected a \$359 million loss and the CTF raised concerns then as to whether it was prudent for the utility company to embark on a new capital project.”

bright for the crown corporation; unfortunately, the same cannot be said about the ratepayers that have to pick up the tab for all of this positive thinking.■

If you want your say on Hydro's rate increases contact the PUB, publicutilities@gov.mb.ca or call 1-866-854-3698.

Praise **FOR PRIVATIZATION**

By the time this magazine hits your doorstep, Winnipeg Mayor Sam Katz will be knee-deep into his first budget and from a taxpayer's perspective, there are some things to look forward to. In his State of the City Address, Katz touched on an issue that most political leaders in Winnipeg have stayed away from for

fear of backlash from special interest groups. Katz brought up the "p" word – privatization. And he didn't do it in an apologetic way, he enthusiastically addressed the issue in front of the city's business community, who for too long have been starved for a political leader with some guts to make the city more business friendly.

If Katz has his way, this year's budget could include an expansion of the city's Alternative Service Delivery model to include selling municipal golf courses, gravel pits and fully privatizing garbage collection. This is good news to a city facing a high tax climate and a serious cash crunch. This year's budget deficit is pegged at \$57 million and although selling off municipal holdings will not cover the whole tab, it is a step in the right direction.

Privatizing garbage services alone could potentially save the city \$3 million annually ac-

cording to a report issued last year. In the municipality of North Saanich, B.C. residents cannot even remember a time when the government took care of garbage services. There, residents and businesses individually negotiate contracts with a number of different service providers competing for business. According to one of these companies, Ron's Disposal, a family of four with once a week pickup and one can of garbage pays \$214 a year.

There are privatization success stories all across the country, even in our own back yard, Manitoba Telecom Services was privatized in 1995 and has since become the third largest telecommunications provider in the country. In Alberta, the number of liquor stores tripled in the first 18 months after privatization in 1993, creating thousands of new jobs. When the Saskatchewan government privatized Cameco in 1991, the company increased production, decreased costs, and began to grow through acquisitions and the discovery of new reserves – fast forward to 1998 and Cameco was producing a third of the world's uranium.

“Katz brought up the “p” word – privatization. And he didn’t do it in an apologetic way, ”

Cities should spend 100% of their budgets on core services not delivered by the provincial or federal governments: policing, fire-fighting, roads, snow removal, sewage system, and the like. There is no reason why government should be in the business of funding arts and taking tee times.

Katz has cleared one major hurdle and that was to address privatization as a suitable alternative to ease the property and business tax burden in Winnipeg. His next big test will be to convince his council colleagues to adopt his budget recommendations and a welcome new approach to running government.■

MAKING GOVERNMENT WORK!

**Scrap the Health Tax – Balance the Books – Spend Smarter –
Reform the Property Tax System – End Corporate Welfare**

On January 18th Ontario Director Tasha Kheiridin presented your CTF's prebudget submission to the provincial government's Standing Committee on Finance and Economic Affairs.

In the 2004-05 budget, Premier Dalton McGuinty brought in the Health Tax, breaking his September 11, 2003, election pledge to uphold the *Taxpayer Protection and Balanced Budget Act*. The result was the biggest tax increase Ontarians have seen in a decade. Imposing the Ontario Health Tax was equivalent to increasing the provincial middle income tax rate of 9.15 per cent to 10.6 per cent, which is exactly where it stood in 1999.

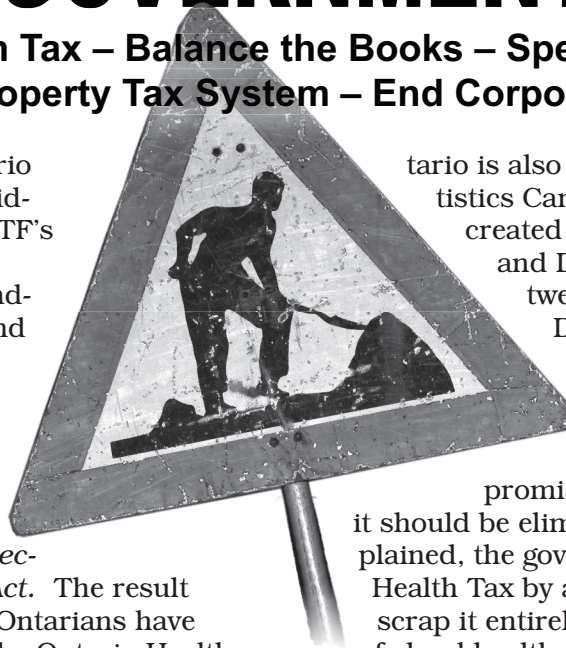
The Health Tax is also hurting the Ontario economy. According to private sector economists, higher taxes are lowering consumer confidence. The government's own Economic Outlook, released in November 2004, revealed that retail sales tax figures, revenue from lotteries and gaming, and liquor sales were \$250 million dollars less than anticipated. Ontarians are spending less of their discretionary income on goods and services, because they have less discretionary income to spend.

Lower spending means lower demand for goods and services, which translates into fewer new jobs. Not surprising, job growth in On-

tario is also down. According to Statistics Canada, 207,000 jobs were created between December 2001 and December 2002, but between December 2003 and December 2004, only 93,000 jobs were created.

The Health Tax is not only a broken promise, but bad policy, and it should be eliminated. As the CTF explained, the government could cut the Health Tax by at least two-thirds, if not scrap it entirely, by combining new federal health funding with cost-saving measures similar to those enacted in British Columbia. In B.C., the government contracted out services and reduced its health care budget by 4.5 per cent from the previous year. Similar measures in Ontario could yield potential savings of \$1.4 billion. Add to this the \$824 million pledged by the federal government at its last First Ministers Meeting on health and the government would have enough money to maintain health services without imposing the Health Tax.

Balancing the budget is another key recommendation your CTF made to the government. In the 2004-05 budget, the government predicted deficits until 2007—the year Ontario will go to the polls. Premier McGuinty is now threatening not to balance the books in his first term. This is unacceptable. Increas-



Ontario Per Capita Government Spending in 2004 Dollars Select Years -- Amounts adjusted for inflation

Year	Description	Per Capita Spending
1991-1995	Rae NDP Government Average	6,380
1996-2004	Harris/Eves Conservative Government Average	5,962
2004-2005	McGuinty Liberal Government Average	6,370

ing the province's debt by an additional \$12 billion and wasting an extra \$4.4 billion on interest payments is irresponsible and takes money away from programs and services.

The deficit is due to a spending problem, not a revenue problem. Even without the Health Tax, revenues were up 6.8% last year. Yet CTF research shows that the government of Dalton McGuinty is currently spending at the same level as the government of Bob Rae! Over the course of his mandate, Bob Rae's successive deficits added \$66 billion to the public debt – debt that today's taxpayers are still paying for.

The government can achieve a balanced budget if it spends smarter, reforms the public service, and rebalances the roles of the public and private sector. This involves privatizing services such as the LCBO, establishing partnerships with the private sector in areas such as hydro, and allowing the private sector to offer choice in health care.

Quebec, for example, has over 50 private for-profit clinics operating alongside public hospitals. Yet in Ontario, Premier Dalton McGuinty has hiked taxes, delisted service, forced hospitals to lay off nurses, and used public dollars to buy out private MRI clinics. Ontarians are paying more and getting less, in the name of an ideology that forces rationing of health care. This must stop.

Property tax reform must also be a priority for the government. The gov-



by Tasha Kheiriddin
Ontario Director

ernment should scrap the Current Value Assessment system and implement a simpler, fairer unit-based assessment system.

Finally, the CTF called on Premier McGuinty to end a dangerous trend – the doling out of corporate welfare. Under the guise of “investments”, government is putting taxpayers' dollars into the pockets of automakers and Hollywood film producers. This is unacceptable. The government should stop picking winners and losers in the economy and create a competitive tax regime for all businesses equally.

The provincial budget will be delivered this spring. It remains to be seen whether the government will take the CTF's advice, or continue down the same road of tax-and-spend policies Ontario saw under Bob

Rae in the early 1990's. Be assured that whatever the outcome, your CTF will continue to fight for lower taxes, less waste and accountable government in Ontario!■

“Quebec, for example, has over 50 private for-profit clinics operating alongside public hospitals. Yet in Ontario, Premier Dalton McGuinty has hiked taxes, delisted service, forced hospitals to lay off nurses, and used public dollars to buy out private MRI clinics.”



YOU TOLD US!

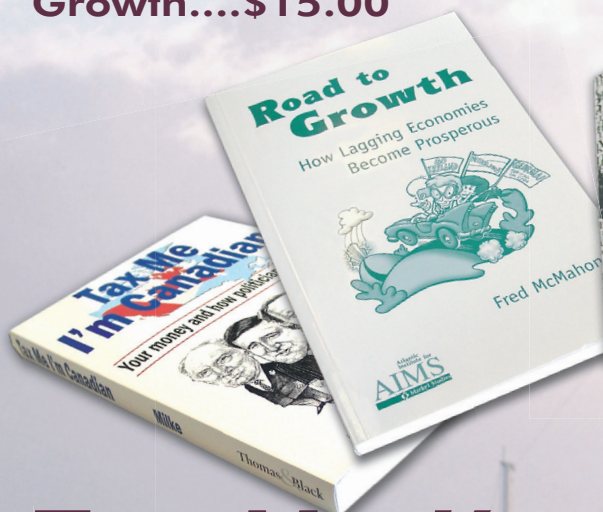
2004 CTF Supporter Survey Questionnaire

What should be the ONE top priority for the Ontario division of the CTF over the next year?

55% Holding the McGuinty government accountable for its pledge not to raise taxes and not to run a deficit

- 8% Calling for a reduction of waste, overlap and duplication in government
- 6% Promoting deficit elimination and debt reduction
- 6% Publicizing how much government unions cost taxpayers
- 6% Calling for the shutdown of unnecessary government departments and agencies
- 4% Promoting a workable Citizens' Initiative and Referendum law
- 4% Opposing grants to special interest groups
- 3% Advocating property tax reform
- 1% Supporting greater accountability for Crown Corporations
- 6% Undecided

**Road To
Growth....\$15.00**



**First Nations,
Second Thoughts
....\$19.95**



**Tax Me,
I'm Canadian cap
....\$13.50**

Tax Me I'm Canadian book \$22.00

Includes Shipping

**Plus if you buy our Tax Me, I'm Canadian book,
we'll pay the shipping on the rest of your order**

Please send me:

— *Tax Me, I'm Canadian Book@ \$22.00*
Includes Shipping

— *First Nations, Second Thoughts@\$19.95 ea*
What's wrong with Canada's Native policy?
Supporter price \$15.96.....

— *Tax Me, I'm Canadian cap @\$13.50 ea*
Supporter price \$10.80.....

— *Road to Growth@\$15.00 ea -- How lagging*
economies become prosperous!
Supporter price 12.00.....

Sub Total.....

Add 7% GST.....

Add 7% PST (Sask residents only-books exempt).....

☐ I bought a Tax Me I'm Canadian book &
pay no shipping on my whole order..... *ula*

Postage & handling first item **\$8.00**

Add \$1.00 for each additional item

Additional Contribution to CTF

Total Order

Method of Payment: ☐ MasterCard ☐ Visa ☐ Cheque

Name on card:

Visa/Master Card #: Exp date:

Name:

Address:

Town/City: Prov: PC:

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